

The Global Newspaper  
Edited and  
Published in Paris  
Printed simultaneously  
in Paris, London, Zurich,  
Hong Kong, Singapore,  
The Hague, Marseille, Miami.

# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

PARIS, MONDAY, JUNE 2, 1986

ESTABLISHED 1887

## Israelis Replace Official Who Urged Arab Death Inquiry

By William Claiborne

Washington Post Service

JERUSALEM — The Israeli cabinet named a replacement on Sunday for Attorney General Yitzhak Shamir, who had pressed vigorously for a police inquiry into charges that the chief of the security service attempted to cover up the beating death of two Arab bus hijackers two years ago.

After hearing a report by Prime Minister Shimon Peres on the allegations against Avraham Shalom, chief of the Shin Bet, or secret security service, the cabinet named a Tel Aviv District Court judge, Yoel Harish, 62, to take over Mr. Shamir's post on Wednesday.

The move appeared designed to defuse the controversy surrounding Mr. Shamir.

Attorney General Shamir brought Israel's cabinet government to the brink of crisis by insisting that the

police investigate Mr. Shamir's role in the killing of the handcuffed Arab prisoners. He announced in February that he planned to resign but said he would remain until a successor had been named.

Until Sunday, no names of nominees had been made public. The decision to appoint Mr. Harish appeared intended to dampen the crisis surrounding Mr. Shamir's insistence that Mr. Shalom be investigated, and possibly, prosecuted.

The focus of such an investigation would be allegations that Mr. Shalom ordered the fatal pistol-shooting of the Arabs, and then suppressed evidence and suborned witnesses in the April 14, 1984, shooting by Israelis of a hijacked bus in the Gaza Strip.

The government sought to dispel any notion that the appointment of Mr. Harish was designed to suppress public disclosure of the facts in the case or to protect either Prime Minister Peres or Foreign Minister Yitzhak Shamir.

Mr. Shamir was at the time of the incident — from charges that he had participated in a cover-up.

More than six months ago, Mr. Peres rejected pleas by three of Mr. Shamir's Shin Bet deputies that the secret service chief be investigated on suspicion of obstructing justice.

The army initially announced that all four Arabs who seized the bus had been killed when Israeli troops stormed it. But after the publication of a photograph showing one of the Arabs being led away in handcuffs, two special inquiries commissions ruled that two of the hijackers had been beaten to death during interrogation in a nearby field.

Yosi Belin, the cabinet secretary, said Sunday there was "no connection at all" between the naming of a successor to the attorney general and the dispute over his demand for an investigation.

The attorney general decided four months ago to resign and said he would replace himself. He would resign, which was done today, Mr. Belin said.

A cabinet statement said that the report on the Shin Bet affair had been delivered by Prime Minister Peres at a meeting of the ministerial committee on defense, meaning that the discussions were classified information and that disclosure of details could lead to prosecution under the Official Secrets Act.

Also, the cabinet decided that henceforth only Mr. Peres and authorized aides would be permitted to see ISRAELI, Page 6



## Afrikaners Rally to Protest Changes in Apartheid

An Afrikaner extremist displays a newspaper. The Brave Commandos, which reported that South Africa's more liberal newspapers were banned from a ceremony in Pretoria marking

the 25th anniversary of the republic. About 8,000 white rightists attended the ceremony and vowed to fight President P. W. Botha's proposed racial reform program in the country. Page 2.

## Soviet Is Said To Propose Cut In Arms if U.S. Keeps ABM Pact

By Michael R. Gordon

New York Times Service

WASHINGTON — The Soviet Union, in private talks, has offered a new negotiating approach to reducing strategic nuclear forces, U.S. officials said. But in a statement, it warned that it would increase its forces if the United States exceeded the limits set in previously negotiated treaties.

The new Soviet positions became known after President Ronald Reagan announced Tuesday that the United States would no longer be bound by the limits of the 1979 Strategic Arms Limitation Treaty, known as SALT-2, in making decisions on strategic weapons.

Mr. Reagan said the United States would exceed the treaty's limits by the end of this year as 52 bombers are equipped with new cruise missiles.

In response, the Soviet Union announced Saturday that if the United States built up its nuclear forces beyond the limits in the treaty, it would do so as well.

But administration officials disclosed Saturday that the Soviet Union had proposed a way of reducing strategic nuclear forces on Thursday at talks in Geneva.

In its proposal, the Soviet Union offered to begin reducing its strategic nuclear forces if the United States agreed not to withdraw from the 1972 Anti-Ballistic Missile Treaty for an extended period and if it took steps to strengthen the treaty, U.S. officials said.

The administration officials said the Soviet offer apparently was planned before Mr. Reagan's announcement on the SALT-2 treaty, and that it should not be seen as a reaction to it.

The new Soviet arms proposal was presented to the Geneva negotiating group on space and defense systems by Viktor P. Karpov, the chief Soviet delegate to the talks, U.S. officials said. The proposal is under review in Washington and is being interpreted in varying ways by officials.

One official in the administration characterized the Soviet proposal as a "sustaining" move that suggests the Soviet Union may be shifting from its position that research on anti-missile systems must be banned.

Some research and testing on an anti-missile system may be carried out under the 1972 Anti-Ballistic Missile Treaty.

Another official, skeptical of Soviet intentions, said the proposal was only an "elaboration" of the Soviet position that such research should be blocked. The research on anti-missile systems is the basis of the Soviet Defense Initiative, the U.S. program to develop a space-based defense.

Until now, the Soviet position in the negotiations has been that all research that could lead to the development of anti-missile defense systems, or what the Russians call "space strike" arms, could be prohibited in order for strategic arms reductions to be carried out.

Under the new Soviet proposal, reductions in strategic arms could be carried out if both sides took steps to strengthen the Anti-Ballistic Missile Treaty. This, according to the Soviet offer, would involve a commitment by each side not to

withdraw from the treaty for 15 to 20 years, Reagan administration officials said.

The 1972 Anti-Ballistic Missile Treaty is of indefinite duration, but it states that either nation may withdraw under exceptional circumstances by giving six months' notice that the treaty has "prejudiced its supreme interests."

The Soviet proposal also calls for the treaty's terms to be strictly applied, U.S. officials said.

Some administration officials said the Russians, in asserting that strategic arms could be reduced if the 1972 treaty is reaffirmed, might be suggesting that research carried out within the scope of the treaty is accepted as supreme interests.

The Reagan administration has said that its five-year SDI research effort is consistent with a strict interpretation of the treaty.

But other officials cautioned that the Russians might seek to tighten the treaty provisions in a way that would interfere with or block SDI.

There is little question that the Soviet proposal to strengthen the treaty would stand in the way of some large-scale anti-missile tests that might be carried out in the 1990s, and that it would prevent the actual deployment of a space-based missile defense.

The Anti-Ballistic Missile Treaty prohibits the development, testing and deployment of some anti-missile systems, including "components of an anti-missile system based in space."

Some administration officials have suggested that the United States ask the Soviet Union to

see ARMS, Page 6

## Reagan Asks Support for U.K. Treaty

By Gerald M. Boyd

Washington Post Service

WASHINGTON — President Ronald Reagan, seeking to direct the Senate Foreign Relations Committee to act on a new extradition treaty with Britain, has warned against allowing "terrorists" a "safe haven" in the United States.

Mr. Reagan, in his weekly radio address Saturday, linked the treaty with Britain to larger efforts at fighting international terrorism. He said that the treaty would "undermine our ability to prosecute other countries to extradite terrorists who have murdered our citizens."

The revised 1972 treaty, which was a year ago by the United States and Britain, includes provisions that end exemptions from extradition for crimes that have been justified as politically motivated. At least four fugitives of the Irish Republican Army have reductions to be carried out.

Under the new Soviet proposal, reductions in strategic arms could be carried out if both sides took steps to strengthen the Anti-Ballistic Missile Treaty. This, according to the Soviet offer, would involve a commitment by each side not to

see TREATY, Page 6



Zbigniew Brzezinski

## Top Fugitive In Solidarity Is Captured

By Jackson Diehl

Washington Post Service

WARSAW — The authorities have announced the capture of Solidarity's underground chief, Zbigniew Brzezinski, status as Poland's most wanted fugitive and dealing a major blow to the political opposition.

A dispatch issued Saturday by the official news agency PAP reported Mr. Brzezinski's arrest without revealing where or when he had been arrested.

The report said that he had been "carrying out activities aimed to overthrow the constitutional system" and that he was detained under a warrant issued by the military prosecutor's office.

The arrest was a setback for Solidarity's surviving underground organization and for the broader opposition movement. It also looked to the 31-year-old former factory worker as a symbol of defiance of the Communist authorities.

At the same time, the arrest appeared to be a political victory for the government of General Wojciech Jaruzelski four weeks before Communist Party congress.

The government and its security forces had been emboldened, it was said, by the failure to capture Mr. Brzezinski, the former head of the Warsaw chapter of Solidarity, the outlawed trade union.

Mr. Brzezinski went underground when General Jaruzelski declared martial law on Dec. 13, 1981, to suppress the union, and was the highest-ranking Solidarity leader to escape arrest in the days that followed.

He soon took over the chairmanship of the underground Temporary Coordinating Commission. Since then, he has been a chief organizer of strikes, demonstrations, boycotts of official elections and other activities that have disorganized General Jaruzelski's campaign to "normalize" the country.

Mr. Brzezinski believed the government from the underground with statements, broadcasts and interviews and became a folk hero for solidarity loyalists.

Police Attack Protesters

The police used tear gas and batons Sunday to break a crowd of factory workers who were staging the release of Mr. Brzezinski. United Press International reported from Warsaw.

Other Key Arrests

Sources said Sunday that Mr. Brzezinski captured could be arrested of two other key underground figures Saturday, reported from Warsaw.

East Blockade, a member of the resistance commission, and pick, a fugitive since December. U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.

U.S. sources said in their report.



A view along the Karakoram Highway, a 795-mile link between China and Pakistan.

## Karakoram Highway Links 2 Worlds Between Pakistan and China, Camel Gives Way to Jeep

By John F. Burns

New York Times Service

KHUNJERAB PASS, China — To stand at the pinnacle of this pass is to stand in wonder at the accomplishments of man.

At a point 16,077 feet (4,897 meters) up amid the Karakoram Mountains that divide China from Pakistan, it is natural to think of Marco Polo, who is said to have passed through the nearby Minikata Pass seven centuries ago. Also remarkable were the feats of the Chinese builders who cut a path for motor vehicles along ridges that served only camels and horses for more than 2,000 years.

The builders finished the 20 years of blasting and building that went into the Karakoram Highway in 1978. At a cost of more than 400 lives and a budget as large as neither Pakistan nor China has disclosed it, a permanent overland link was forged between two worlds that geography had conspired to keep apart: the east, China, and to the west, the civilizations of the Indian Valley, Asia Minor and the Mediterranean.

Because the 15,000 Chinese and Pakistanis who built the road worked in areas that had long been closed to foreigners, their feet went little heralded elsewhere.

Only since May 1 has it been possible for nationals of other countries to travel the full 795 miles (1,280 kilometers) of the highway from its twin starting

points in the ancient city of Kashgar, on the western fringes of China, and the modern Pakistani capital of Islamabad. Although a journey of months for camel caravans has been reduced to 36 hours by jeep, it remains an arduous road trip.

From Kashgar, a town known for its wily Uyghur traders, the road runs south through areas inhabited by Kirghiz and Tadzhiks, peoples with warrior pasts who have settled peacefully in the upland valleys with their sheep, goats and camels.

In 100-year-old towns, houses of piled stones and more elaborate settlements of mud and straw, families welcomed visitors, even when they had never seen Westerners before.

In Kashgar, a sand-colored city of mud-walled homes that gave respite to generations of travelers along the old Silk Road, officials fret about the tide of adventures likely to descend on the town now that the highway is open.

"This will make some troubles for us, no doubt," said Abdullahi Dawud, the Uyghur who heads the local foreign affairs office. "But never mind, we will survive them."

At Tash Kurghan, an old Tadzhik settlement described by early travelers as "the gateway to China," travelers can share a bowl of noodles with truckers, continuing a commerce that has altered little in centuries.

See HIGHWAY, Page 6

## Train Bombing Kills 12, Wounds 50 in Sri Lanka

The Associated Press

COLOMBO, Sri Lanka — A bomb exploded on a crowded passenger train bound for Colombo, killing at least 12 persons and wounding more than 50.

The bombing Saturday was the third in two days in this island nation. Tamil guerrillas have become increasingly violent in their quest for a separate homeland.

The bombing brought the land mine ban Friday in the Trincomalee district that killed 20 soldiers and a civilian bus driver.

The United Nations of India news agency quoted the Eelam Revolutionary Organization in Madras as saying the operation was "purely defensive."

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

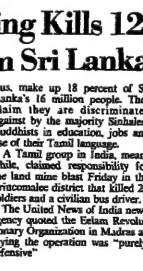
The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

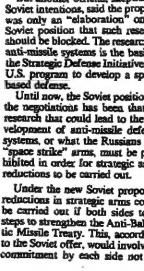
The Sri Lanka government said all of the victims were civilians.

Police said the bomb had been timed to go off as the train arrived at the main Colombo terminal. The train was running 25 minutes late.

The Sri Lanka government said all of the victims were civilians.



The Ariane-2 rocket during its launching in Kourou.



The Ariane-2 rocket during its launching in Kourou.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

The new agency Tass said the space walk by Vladimir A. Solovov and Leonid D. Kizim boosted their total space-walk time on this and previous missions to 31 hours and 40 minutes.

It was the eighth walk in space by the two cosmonauts, who spent a record 28 days in space in 1984. Mr. Kizim and Mr. Solovov were sent into space on March 13 to inaugurate the new Mir space station, which was launched Feb. 20.

## INSIDE



The 1986 World Cup of soccer is under way in Mexico. Fans in Mexico City cheered at the opening ceremonies in Azteca Stadium on Saturday, then watched as Bulgaria beat Italy, the defending champion, to a 1-1 tie. Brazil beat Spain on Sunday, 1-0. Page 21.

## Afrikaners Rally, Vow to Fight Botha's Plan for Racial Change

By Alan Cowell  
New York Times Service

PRETORIA — Under the shadow of their principal prison, at least 8,000 Afrikaners gathered to celebrate their past and to hear calls for a future based on total racial separation.

The assembly Saturday was the biggest display yet of right-wing white opposition to President P. W. Botha's program of tentative racial change, under which South Africa's white rulers say they are seeking to break with the canons of traditional apartheid.

Andries P. Treurnicht, leader of the Conservative Party, said: "We demand that the sound notion of partition be applied in South Africa in such a way that the white man will have his own land and his own state. The fight that our fathers

began will go on until we win or die for a white South Africa."

Mr. Treurnicht's party broke with the National Party four years ago. The uprising of the Afrikaner people has begun," Jaap Marais, leader of the ultraright Heritage National Party, told supporters.

"The Afrikaner said clearly for the freedom of his fatherland, and wherever he takes it away from him will have to pay dearly, too."

"We are the true freedom fighters," said Eugene Terre Blanche, now leader of the extremist Afrikaner Resistance Movement. "And we will fight for our honor, our self-respect and our sovereignty."

The gathering was held in an amphitheater below the huge Voortrekker Monument, where marauders have stood depicting the advance inland of Afrikaners

who first settled in the Cape in 1652.

The occasion was Republic Day, celebrating the declaration of a republic by former Prime Minister Hendrik Verwoerd 25 years ago that represented a final break with British colonialism.

The day offered a rare show of unity among the country's right-wing organizations, which are divided on ideology and tactics but share a rejection of Mr. Botha's policies.

South Africa's 2.8 million Afrikaners have dominated the nation since the National Party won power in 1948. For decades, Afrikaners promoted a unified front, but the government's cautious program of racial change has divided whites, prompting a new rash against it by the extreme right.

The crowd received its most enthusiastic applause for Mr. Terre Blanche, a former policeman once regarded as leader of an insignificant fringe group.

In recent weeks, however, his organization has assumed a far greater prominence, prompting some South African political scientists to suggest that if an election was held now, Mr. Botha's National Party would be defeated.

Employing tactics used by the National Party before it came to power, Mr. Terre Blanche's followers have broken up at least four government rallies over the last month, on one occasion forcing Minister R. F. Botha to cancel plans to speak.

None of the speakers on Saturday criticized Mr. Botha by name. But the criticism of what is seen as policy blundering has led to black-majority domination of a white minority seemed implicit.

■ **Mob Kills Black Constable**

A black constable attending a funeral was killed by a mob of blacks who attacked him with shovels and buried him alive, the police said Sunday. The Associated Press reported from Johannesburg.

The Pretoria police said the attack on the constable, S. H. Mandlaka, occurred Sunday evening in a black residential area near Willemstad, about 60 miles (about 95 miles) northwest of Johannesburg.

Police officers did not intervene in a black residential area near Willemstad, about 60 miles (about 95 miles) northwest of Johannesburg.

■ **Thousands of Supporters Rally**

Thousands of Afrikaner supporters marched through Manila on Sunday, joining a smaller number who had gathered 280 miles (450 kilometers) from his home province to demand that the former president be allowed to return from exile.

The police estimated that up to 50,000 people took part in the Manila demonstration.

They shouted slogans and walked behind a funeral car carrying a coffin with "Death of Corason C. Aquino" written on it.

The police said there were no serious incidents as the marchers entered the city limits waving anti-Aquino banners and shouting slogans.

■ **South African Soldiers**

South African soldiers who attacked targets in Harare last month arrived as tourists in a private plane and were met by military police in Harare, the Zimbabwe capital, and a suburb on May 19.



Demonstrators in Brussels protesting the proposed budget cuts.

## Protesters March in Brussels as Unions And Government Discuss Budget Cuts

By Steven J. Dryden

International Herald Tribune

BRUSSELS — Tens of thousands of people marched through the streets of Brussels to protest the austerity policies of Belgium's center-right government.

Union officials have said the demonstration, held Saturday, should mark the end of many of the Socialist-led strikes that have disrupted transportation, postal service, schools and some private businesses in the past month. But the officials have been unable to control local unions, and work stoppages are expected to be continued.

The peaceful demonstration was held as the government of Prime Minister Wilfried Martens negotiates with unions on the details of his plan for sharp budget cuts next year. But the government refused to consider reducing the total size of the reductions, 15 billion Belgian francs (\$4.1 billion), or nearly 10 percent of the budget.

The cuts, affecting mainly education, the civil service and social security, would reduce pensions and health and unemployment benefits and public jobs.

André Vanden Broecke, the president of the French-speaking Belgian General Federation of Labor, a leading Socialist union, said at a rally held at the end of the march that the union was joining the talks with the government to prevent the destruction of "all that has been won in the long years of union and political struggle."

The police said the marchers numbered about 50,000, but organizers estimated them at 150,000.

Mr. Martens's political position has been helped by the refusal of the country's large Christian unions to join their Socialist counterparts in the strikes. The Christian unions are considered crucial to the power base of the government coalition of Christian Democrats and Liberals.

For leaders of the Christian unions were seen at the demonstration, but the Christian workers increased the pressure on the government last week when they demanded negotiations on the budget reductions.

The Christian unions said they would consider a nationwide strike if the talks with the government fail.

■ **Officials Impose New Ban**

Officials in three Italian areas on Sunday banned the sale of various meat and dairy products, citing high radioactivity. United Press International reported from Rome.

In the northern province of Como, officials ordered all rabbits slaughtered and banned the sale of local sheep meat and milk. They also reestablished a ban on cow milk for children under 10 or pregnant women.

In the northeastern town of Cagli, officials banned lamb and goat meat, citing unusually high levels of cesium 137.

In the central town of San Severino Marche, officials banned the sale and consumption of sheep milk and its associated cheese. Authorities said tests showed unusually high levels of iodine 131.

■ **Duvalier's Lease Expires**

On French Riviera Villa

United Press International

NICE — Jean-Claude Duvalier, the ousted president of Haiti, moved from his rented villa near the French Riviera because the lease has expired, according to a local government spokesman.

Mr. Duvalier and his wife, Michèle, who fled to France on Feb. 7, have been living on an estate outside Cannes, 10 miles (16 kilometers) from the Mediterranean coast.

By Celestine Bohlen

Washington Post Service

MOSCOW — French Embassy officials have found veal in a Moscow central market containing radiation more than six times the

permissible level, according to diplomatic sources, as Western embassies issued new precautions against food stuffs possibly contaminated by the accident at the Chernobyl plant.

The veal, sent to Paris for testing, contained 3,700 becquerels of radiation, a spokesman said Friday. The standard European Community level for veal is 600 becquerels for adults and 370 for children.

Officials reported the results of the test Friday afternoon. Besides veal, Soviet pork was put on the warning list, diplomatic sources said.

The contaminated veal caused new concern among Westerners in the Soviet capital. The U.S. Embassy issued a warning last week that children and pregnant women should not drink Soviet milk.

Analysts met at the U.S. Embassy on Friday to ask about hazards resulting from the April 26 accident at Chernobyl.

The veal, reported the most contaminated of foods examined by Westerners, raised questions about how effectively Soviet officials are monitoring and controlling radiation emitted after the plant exploded and burned.

Soviet officials have assured diplomats in Moscow that food from the Chernobyl region, 450 miles (720 kilometers) to the southwest, is uncontaminated.

But the Western community is conducting its own random tests of foods, using simple equipment. Soviet officials have repeatedly said that all produce from the affected area is being thoroughly checked, first in the fields and again in the shops. Monitoring is also being conducted, they say, at

markets where farmers sell their produce directly to consumers.

The test by the Western embassies indicated that there were cracks in the system. For instance, flowers sold by people getting off trains from the countryside are virtually unregulated. West German officials found radiation on lilacs brought outside a station where trains arrive from Byelorussia, which was in the path of fallout.

The most damaging evidence on Friday was from the Americans, since the milk they checked was from the state system and was bought at a special store for foreigners. Tests in Washington, on one of two milk samples sent from Moscow in the last three weeks revealed 360 picocuries of radiation.

The level is well below the danger level for adults, but above the norm of 1,200 picocuries. When the results of the test arrived a week ago Saturday, the embassy decided to issue an alert that pregnant women and small children in the American community should not drink Soviet milk.

It did not issue a general public statement, a spokesman said, because it wanted to avoid "inflating" the information.

An article in the Tuesday issue of Sovetskaya Rossiya, the main newspaper of the Russian Republic, accused the U.S. Embassy of "malicious rumors" about milk as they would seek back into the Soviet Union via Western shortwave radio broadcasts.

■ **German Ship Reactor**

A new West German nuclear reactor, which had a radioactive leak May 4 that went undetected, has been shut, United Press International reported Sunday from Düsseldorf, quoting North Rhine-Westphalia state officials.

A consortium operating the 300-megawatt thorium high-temperature reactor THTR 300, which be-

gan a limited power test phase April 10, said the unit was "radioactively" turned off Friday. A five-member commission began an inquiry on Saturday.

The state economics minister, Raimund Jochimsen, said he could not rule out revocation of the operating permit for the graphite-moderated reactor, the first of a new Brown Boveri design.

■ **Officials Impose New Ban**

Officials in three Italian areas on Sunday banned the sale of various meat and dairy products, citing high radioactivity. United Press International reported from Rome.

In the northern province of Como, officials ordered all rabbits slaughtered and banned the sale of local sheep meat and milk. They also reestablished a ban on cow milk for children under 10 or pregnant women.

In the northeastern town of Cagli, officials banned lamb and goat meat, citing unusually high levels of cesium 137.

In the central town of San Severino Marche, officials banned the sale and consumption of sheep milk and its associated cheese. Authorities said tests showed unusually high levels of iodine 131.

■ **Duvalier's Lease Expires**

On French Riviera Villa

United Press International

NICE — Jean-Claude Duvalier, the ousted president of Haiti, moved from his rented villa near the French Riviera because the lease has expired, according to a local government spokesman.

Mr. Duvalier and his wife, Michèle, who fled to France on Feb. 7, have been living on an estate outside Cannes, 10 miles (16 kilometers) from the Mediterranean coast.

■ **After Brief Truce, Battle Erupts Again in Beirut**

BEIRUT — Heavy fighting erupted again Sunday between Shiite Muslim and Palestinian fighters in the city, as Israeli forces moved into the city.

Witnesses said roads to the battle zone were blocked by Israeli tanks and armored cars. Israeli forces moved into the city from the north, and Palestinian fighters moved into the city from the south.

At least 33 persons have been killed and hundreds have been wounded and displaced in 11 days of fighting, the worst since Israel's invasion of Lebanon in June 1982.

The rebels said Afghan soldiers and Communist Party members were seldom seen in most of the city. "If they show their faces, we will capture them," said one rebel, Fatah Khan.

He pointed out a mound of earth near his base and said it was the grave of an Afghan Communist who had been captured in the city and sentenced to death by a Islamic court.

A mulish named Issa explained the death sentence.

"It is our belief," he said, "that it is better to kill one Moslem who fights against other Moslems in the service of the unbelievers than it is to kill 10 Moslems who are the Muslims."

## WORLD BRIEFS

### Plans for Korean Summit Reported

TOKYO (AP) — A Japanese news agency, quoting diplomatic sources in Tokyo, reported Sunday that President Chun Doo Hwan of South Korea will meet his North Korean counterpart, Kim Il Sung, in 1987. It would be the first meeting between Korean leaders since the peninsula was divided in 1945.

Kyodo News Service said the meeting could take place as early as October. It also quoted North Korean sources in Tokyo as confirming the report.

However, in Seoul, a senior South Korean government official said he had "no knowledge of any such happening or development." He spoke on the condition that he not be further identified. There have been several reports in Japan recently on a possible North-South summit, but all have been denied by the South Korean government and some by the North Korean government.

### UN Africa Session Reaches Agreement

UNITED NATIONS, New York (AP) — Delegates from African countries and donor nations agreed at the United Nations early Sunday on a "new shared partnership" to help Africa's stricken economies.

Canada's UN representative, Stephen Lewis, who is chairman of the committee drafting a final statement for the special session on Africa, said the document would be given formal approval by the General Assembly at a session Sunday evening. The document includes an outline of a recovery program, including an African estimate that the program will require about \$80 billion in outside aid during the next five years.

Mr. Lewis quoted the statement as saying, "The international community recognizes the magnitude of Africa's debt and the severe and restrictive burden this has placed on many African countries." He said it also includes an expression of the international community's willingness "to do everything in its power to meet the financial needs of Africa."

### Libya Says Soviet Will Give Weapons

NICOSIA (AP) — The Soviet Union has agreed to provide Libya with arms to enable it to "confront threats of aggression," the official Libyan news agency, IANA, reported.

The news agency, mentioned here Saturday, carried the Arabic text of a joint communique issued in Tripoli and elsewhere in Libya on Saturday. It was signed by Col. Muammar Qaddafi's deputy, Abdel Salam Khalifa, in Moscow last week. Mr. Khalifa left Moscow on Friday after four days of talks that included a meeting with the Soviet leader, Mikhail S. Gorbachev, and the defense minister, Marshal Sergei L. Sokolov.

The communique said a high-level Soviet delegation was expected in Tripoli during the next two weeks to study Libya's defense needs.

### Victory Expected for Spain's Socialists

MADRID (Reuters) — The governing Socialist Party will retain its absolute majority in the June 22 election, according to a nationwide poll published Sunday in the newspaper El País. The poll is in line with a 350-member legislative body, the Cortes, which the Socialists currently hold 203 seats.

The poll forecast that the Socialists would win 46 percent of the votes and that the rightist Popular Alliance led by Manuel Fraga Iribarne would get 24 percent of the votes. That would be a slight decline for both parties from the previous general election four years ago. The forecast gave the Communists 3.9 percent of the vote and gave the Social Democratic Center Party 8 percent.

The poll estimated that the Socialists would win at least 194 seats in the 350-member legislature, the Cortes. The Socialists currently hold 203 seats.

### AT&T Phone Operators Strike in U.S.

WASHINGTON (Reuters) — Long-distance operators and some other telecommunications workers of the American Telephone & Telegraph Co. went on strike early Sunday after contract negotiations broke down. AT&T, the largest telephone company in the United States, said it would use its force of 115,000 managers to try to maintain long-distance service.

In the negotiations, AT&T and the Communications Workers of America failed to reach a settlement on their existing contract before it expired at midnight Saturday. The union turned down a new offer of a 7 percent pay increase over three years, company officials said. A union spokesman said the two sides remain apart on wage increases, job classifications and other work conditions.

The strike is the largest since the union's action against AT&T in 1983. The union represents 155,000 of AT&T's 200,000 unionized workers. Separate talks between the company and the International Brotherhood of Electrical Workers, which represents 65,000 other employees, also failed to reach agreement Saturday.

### U.S. Official Pleads Guilty to Payoffs

WASHINGTON (WP) — Peter E. Voss, vice chairman of the U.S. Postal Service's governing board, has pleaded guilty to federal charges of receiving illegal payments for helping a Dallas company in its attempt to obtain a multimillion-dollar government contract.

Mr. Voss, who was co-chairman of Mr. Reagan's Ohio presidential campaign in 1980, was charged with taking at least \$20,000 worth of payoffs in a fee-splitting arrangement with a public relations firm led by the Dallas company. The public relations firm was headed by John R. Gann Jr., Mr. Reagan's 1980 Michigan campaign chairman. Mr. Voss turned up to seven years in prison and a fine of \$21,000, according to U.S. Attorney Joseph E. McGowan.

### For the Record

The U.S. Congress returns to work Monday from its Memorial Day recess. The sessions in the Senate are to be broadcast over public broadcast television for the first time and are to include debates on reform and a proposed role of the U.S. in Saudi Arabia.

■ **Arabian Sea** — A retired Israeli general, and four other men have been ordered held pending bail hearings in New York. They were extradited from Bermuda on charges that they took part in a scheme to smuggle \$2.5 billion in American-made warplanes, missiles and other weapons to Iran.

**UNIVERSITY DEGREE**  
BACHELORS • MASTERS • DOCTORATE  
For Work, Academic, Life Enhancement  
Send detailed resume for free evaluation.  
**PACIFIC WESTERN UNIVERSITY**  
400 W. Second Street  
Los Angeles, California  
90067, Dept. 25, U.S.A.

**WORLDWIDE ENTERTAINMENT**  
LE PLUS CÉLÈBRE CABARET DU MONDE  
RANGLIE  
NOUVELLE REVUE  
20 h. Dîner d'entrée  
Chompagne et Revue 485 F  
22 h. 15 h. 30  
Chompagne et Revue 330 F  
SERVICE COMPLET  
116 bis, CHAMPS-ÉLYSÉES, 116 bis 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 81



## FBI Arrests Suspect In Drug Tampering

By Jay Mathews  
*Washington Post Service*

LOS ANGELES — FBI agents here have arrested a former stockbroker charged with tampering with capsules in cold, allegedly in four years of recurrent national seizures over contamination of retail food and drugs.

A special agent of the Federal Bureau of Investigation, Richard T. Brevint, said Friday that Edward Allen Marks, 24, apparently had made money on the stock market by buying down the price of shares of the firm's manufacturer, SmithKline Beckman Corp.

Mr. Marks, a Boston native, lives in Temple City, 10 miles (16 kilometers) east of Los Angeles.

"Nine adulterated capsules of Contac, a cold medicine; Tylenol, an allergy medication; Dietrich, an appetite suppressant, were discovered in March at four stores in Orlando, Florida, and three stores in Houston."

The FBI said Mr. Marks was linked to the pills with a Pacific Stock Exchange executive in San Francisco reported that Mr. Marks had purchased 290 "put" options on SmithKline stock March 18 and 62 more March 19, the day radio and television stations began receiving telephone calls about the tainted capsules from a man calling himself "Gary."

"Put" options give the holder the right to sell stock at a set price for a certain period, allowing an investor to profit from a sharp and unexpected drop in the price of the stock.

No counties bought the capsules, and the amount of Contac, an antihistamine used to kill rats, was not lethal, federal officials and SmithKline representatives said.

But under a federal law passed after seven persons died from cyanide-tainted Tylenol capsules in the Chicago area in 1982, Mr. Marks could be fined \$50,000 and imprisoned for 10 years if convicted. Two persons have died from tampered capsules since the first Tylenol case.

Mr. Brevint said that since SmithKline Beckman stock "did not suffer any hysterical drop," Mr. Marks probably did not profit from his alleged stock-manipulation plan.

## Catholic Orders in U.S. Lack Retirement Money

Los Angeles Times Service

WASHINGTON — Roman Catholic religious orders in the United States are \$2.5 billion short of funds to finance even modest retirement programs for monks and brothers, according to a church-sponsored study.

The situation is "a national crisis that has been coming for the last 10 years," the Reverend David Hoye of the National Conference of Catholic Bishops said Friday, when the study was made public.

He said it is forcing some religious orders to sell property or seek public assistance for retiring members.

The survey, conducted by the Arthur Andersen & Co. accounting company, found that \$2.5 billion would be needed to support retirement costs of Roman Catholic religious orders, even if pension benefits are able to raise \$1 billion by selling land, school buildings, residences and other properties.

Church leaders said that during the past two decades fewer young

## Israel Denies Reports of Spy Ring

United Press International

WASHINGTON — Israel has denied press reports that Jonathan Jay Pollard was part of a large, well-organized Israeli espionage network in the United States, but an Israeli official did not deny reports that charges could be filed against an Israeli military officer.

An Israeli Embassy spokesman, Yossi Gali, repeated the country's earlier insistence that the Pollard case was a "deviation." He said Saturday that the Israeli government was cooperating fully with a U.S. investigation of Mr. Pollard, a former U.S. Navy counterintelligence officer accused of spying for Israel.

"The Pollard affair," Mr. Gali said, "was an unauthorized deviation from the clear-cut Israeli policy of not conducting any espionage in the United States or against the interests of the United States, a true friend of Israel."

He did not, however, directly address reports by the Los Angeles Times, quoting U.S. government sources, that at least one more agent was expected. The Times said one of the suspects was an Israeli Air Force officer alleged to have been the "master case officer" for U.S. intelligence operations.

FBI agents have said that Mr. Pollard sold Israel classified reports on the military strength of the United States and other nations, including Israel's rivals in the Middle East.

The arrest of Mr. Pollard on espionage charges last fall strained U.S.-Israeli relations.

He has been held without bond pending a grand jury decision.

## AMERICAN TOPICS



THEIR JOBS ARE A HANDFUL. Dog walkers coming on a corner on the Upper East Side of New York. Many residents of apartments in the neighborhood employ people to take their dogs out for exercise.

### The American Legion

#### Mutes Its Drumbeat

A recent influx of Vietnam veterans has fanned winds of change in the American Legion, making it less militant and more willing to consider new ideas. The New York Times reports. Indeed, last year's national convention urged "all reasonable steps to halt nuclear proliferation" and advocated a veritable mutual frame of nuclear forces by the United States and the Soviet Union.

Legion officials insist that the nation's highest veterans organization has never been militaristic, although that has been the stereotype. But they acknowledge that the recent influx of Vietnam veterans has somewhat muted the Legion's drumbeat. In the last two years, 215,000 Vietnam veterans have been added to the 2.7-million-member Legion, which now has more than 700,000 men and women from the Vietnam era.

Legion officials say 65 percent of the national staff serving in Vietnam and that making a significant impact on policy.

"We appreciate their freshness and new thinking," said Herman Harrington, an infantry veteran of World War II. John Harrison, a Legion spokesman who was a B-52 bomber mechanic in the Vietnam War, said, "Perhaps we're less hell-bent-for-leather because we see war gets worse in each generation."

### Short Takes

Largely because of the spread of acquired immune deficiency syndrome, of chlamydia, which can cause sterility, and of herpes, the United States is in the midst of an epidemic of sexually transmitted diseases, according to the Centers for Disease Control. Twelve million new cases a year are being recorded, up from four million in 1980. At this rate, the agency says, one in four Americans aged 15 to 55 eventually will be infected.

The huge neon sign over a Coca-Cola bottling plant in the Allston section of Boston came down two years ago when the plant was demolished. But in 30 years it had become a landmark.

### Notes About People

Ronald Reagan plans to take the longest vacation of his presidency this summer, spending a month in his California ranch from early August to early September. He then will embark on a heavy schedule of barnstorming the country in behalf of Republican candidates for state and national office in the November elections.

Drew Lewis, secretary of transportation from 1981 to 1983 during Mr. Reagan's first term as president, started plans at a commencement ceremony at Harvard College in Pennsylvania, his alma mater, by tipping off a ceremonial hood and rejecting an honorary doctorate because of substantial opposition to the award by students and faculty members who opposed his role in the dismissal of 11,400 striking air traffic controllers in 1981. Mr. Lewis gave a five-minute speech defending his actions. The audience of 1,000 gave him a standing ovation.

—Compiled by ARTHUR HIGBEE

## Spy Trial Poses a Nightmare For Head of Security Agency

By Charles R. Babcock  
*Washington Post Service*

WASHINGTON — Lieutenant General William E. Odom, the professional director of the highly secretive National Security Agency, suddenly finds himself in the spotlight at the center of national attention thanks to the trial of a former NSA technician named Ronald W. Pelton.

Mr. Pelton is charged with betraying some of the agency's most sensitive secrets to the Soviet Union for \$35,000. According to the government, he told Soviet agents when Moscow was looking for communications to the United States and, probably more important, about how effectively the agency was able to intercept the signals it intercepted.

For the director of the agency — a massive bureaucracy with 50,000 employees and a \$4-billion annual budget — Mr. Pelton is the ultimate nightmare.

General Odom has told acquaintances in recent months that he never had publicly admitted Mr. Pelton's disclosures might persuade other agency employees that, since many of the most important secrets now have been revealed, they would be free to do as they pleased.

Mr. Pelton's case has led to the agency's effort to tell the news media how to cover Mr. Pelton's trial. Alarmed by press accounts of the opening day of the trial on Tuesday, General Odom proposed a public warning to the media not to speculate or report additional details about the case.

William J. Casey, director of the Central Intelligence Agency, also signed the warning, which caused a furor among news executives.

According to some of his friends, General Odom is surprised at finding himself in charge of the National Security Agency. Ten years ago he was a lieutenant colonel who doubted that he would ever become a general and was teaching courses on Soviet government and comparative politics at the U.S. Military Academy at West Point, New York.

General Odom's meteoric rise since then was made possible by a professor he knew at Princeton University, Zsigmond Brzezinski, who became President Jimmy Carter's national security adviser in 1977 and drafted General Odom as his military assistant.

While working for Mr. Brzezinski, General Odom had a reputation as a hard-line. He was "Ziggy's superhawk," according to a former colleague.

His only formal assignment on the National Security Council staff was as "crisis coordinator." As such, he was privy to planning responses to events such as the Soviet intervention in Afghanistan and the takeover of the U.S. Embassy in Tehran.

Because of his close working relationship with Mr. Brzezinski, General Odom also worked on nuclear targeting, civil defense, terrorism and plans for a military rapid-deployment force.

Mr. Brzezinski, now an adviser to the Georgetown University Center for Strategic and International Studies, said that "General Odom is a top-notch professional." He added, "He is the military's top expert on the Soviet Union, and he's also a good tennis player. He would do well in any administration."

■ Trial Testimony

James in Mr. Pelton's espionage trial listed rapidly as a top official of the National Security Agency gave them a lesson in the art of intercepting signals. The New York Times reported from Baltimore.

William F. Crowell, chief of the agency's operations analysis group, told Friday how the agency tried to learn details of Soviet military movements, capabilities and plans by intercepting and analyzing communications.

At one point, Mr. Crowell compared the agency's job with the efforts of private citizens to use satellite dishes to intercept programs distributed by pay-television companies such as Home Box Office. Such companies recently began to scramble their signals to frustrate people who were intercepting them, Mr. Crowell said.

Mr. Crowell used the analogy to explain activities such as breaking coded messages and countermeasures that can be taken against them. The government contends that the Soviet Union took such measures once Mr. Pelton told it of American capabilities.

Mr. Crowell vividly presented extraordinary examples of different communications methods by playing tape recordings of Morse code, teletype signals used to send printed messages and facsimile signals used to transmit images.

He discussed the importance of the signals the agency called from

the hundreds of thousands of transmissions emanating every day from diverse communications terminals around the world.

On several occasions, he spoke of the importance of intercepting signals that reveal how the Soviet Union's military units maneuver around the world. In particular, Mr. Crowell said, the agency sought information about the position of their forces, the activities of their forces and the training of their forces.

Ronald W. Pelton

## White House Softens Trial Warning, Says It's Not 'Going After the Press'

By George Lardner Jr.  
*Washington Post Service*

WASHINGTON — The White House has softened its warning to the press not to speculate or report additional details about the trial of Ronald W. Pelton, the accused Soviet spy, into a general warning to the press not to speculate or report additional details about the trial.

Edward P. Diergans, a deputy press secretary, also declined to respond to the warning concerning the trial of Ronald W. Pelton, the accused Soviet spy, into a general warning to the press not to speculate or report additional details about the trial.

"The immediate focus" is the Pelton trial "and the information that is involved at that trial," Mr. Diergans said Friday.

He said there was "a larger question" beyond that, but he then went on to describe that larger issue as how the Reagan administration can best prevent disclosure of sensitive information by its own officials.

"It's not a question of going after the press," Mr. Diergans said. "I think that's been hyped."

William J. Casey, the director of central intelligence, and Lieutenant General William E. Odom, the director of the National Security

Agency, issued a joint statement following the publication of articles about the first day of the Pelton trial, which opened Tuesday. It "cautioned" reporters "against speculation and reporting details beyond the information actually released at trial."

The statement, approved in advance by President Ronald Reagan's national security adviser, John M. Poindexter, warned that such reporting would not constitute "authoritative disclosure" and might cause "substantial harm to the national security."

In opening statements at the trial of Mr. Pelton, the government made what many regarded as extraordinary disclosures about U.S. abilities to intercept and decode Soviet messages.

Subsequent news articles and broadcasts outlined background and details that, combined with disclosures over the last six months, concerned Mr. Casey and General Odom, the National Security Agency director said.

By Thursday, Mr. Casey, facing criticism from journalists and constitutional experts, said he was not trying to "scare the First Amendment," which guarantees press freedom. Criticized especially for seeming to say that journalistic "speculation" could result in criminal prosecution, Mr. Casey said that "if I had to do it over again, I might not use that word."

Mr. Diergans agreed that "a better word than 'speculation' could have been found."

He also said the White House endorsed only "the general thrust" of the Casey-Odom statement. "In no way do we mean to imply, by the use of 'speculation,' prior press censorship or press censorship or in any way impinging on the freedoms of the press," he said.

Mr. Casey was scheduled to be at the White House on Friday for a ceremony at which Mr. Reagan awarded a Distinguished Service Medal posthumously to Captain Joseph J. Rochford of the U.S. Navy, whose code-breaking success helped lead to the U.S. victory at Midway Island in World War II.

Mr. Casey, for unexplained reasons, did not attend the ceremony, but a White House official joked that if he had, "He was going to come with instructions telling the press not to speculate on how Rochford did it."

"KLM has been crowned Airline of the Year."

"And 20,000 KLM-ers want to show you why."

Canadian Club. Lighter than Scotch, smoother than Bourbon.

The smooth and distinctive taste of Canadian Club is appreciated all over the world. Enjoy Canadian Club, neat on the rocks or mixed to your taste.

Canadian Club. Since 1858.

Canadian Club Whisky. Distilled and Bottled in Canada. Imported by Wm. & A. Rorer, Inc., New York, N.Y. Bottled in Bond.

Air Transport World, the leading aviation magazine, has crowned KLM Airline of the Year. And 20,000 KLM-ers are eager to prove the choice was right. On the ground. In the air. Every day. For every flight. Test us, try us, fly us.

The Reliable Airline KLM Royal Dutch Airlines







# Sikhs Remain Angry Over Raid on Shrine

By Steven R. Weisman  
New York Times Service

NEW DELHI — A month after paramilitary policemen ejected 300 Sikh extremists from the Golden Temple at Amritsar, the mainstream Sikh leaders of Punjab remain angry and divided over the raid.

In addition, the continuing wave of killings of Hindus by Sikh extremists in Punjab have led small numbers of Hindus to flee the northern Indian state, where Sikhs predominate.

Officials and politicians involved in trying to end the sectarian violence have been nervously awaiting the first week of June, when Sikh extremists say they plan to march on the Golden Temple to force the police to leave.

Paramilitary forces were pulled back Saturday from the area immediately around the Golden Temple, but they continued to stand guard in several buildings in the huge temple complex.

The search is timed for the anniversary of the 1984 army assault on the temple, the Sikh religion's holiest shrine, in which hundreds of people were killed. Many experts say they expect an increase in violence as the anniversary approaches.

Those who are at the helm of affairs should study the history and character of Sikhs," said Prakash Singh Badal, a former Punjab chief minister and a severe critic of Mr. Bannala. He said that the extremists "cannot be won over by violence but by love and affection."

Mr. Bannala ordered the ejection of the extremists one day after they proclaimed an independent Sikh nation to be called Khalistan.

The five head priests of the Golden Temple also called on Mr. Bannala to act. But after he did, the head priests, apparently under pressure themselves, ordered Mr. Bannala to perform penance for a week by cleaning the shoes removed by worshippers at various Sikh temples.

For one week, newspapers published pictures each day of Mr. Bannala visiting temples in Punjab and New Delhi to dust shoes, an act of extreme debasement in Indian tradition.

A more serious problem Mr. Bannala faces is the balancing of the role of the Sikh religion. Led by Mr. Badal and other prominent politicians, a group of dissidents broke away from Mr. Bannala's

party after the police raid and called for his resignation.

As a result, the hard core of Mr. Bannala's followers now are only a minority in the state assembly. But his government is in no danger of falling because Prime Minister Rajiv Gandhi has ordered the Congress Party (I) to back him in any major vote.

**In Control of Chandigarh**

The Indian government announced Saturday that in three weeks it would transfer exclusive control of the city of Chandigarh to Punjab, fulfilling its pledge to the state. The Associated Press reported from New Delhi.

Chandigarh, straddling the border between Sikh-dominated Punjab and the Hindu-dominated state of Haryana, currently serves as capital for both.

A government statement said control of the city, 155 miles (250 kilometers) northwest of New Delhi, would go exclusively to Punjab on June 21.

# 5 Sikhs Held In Montreal; Plot to Bomb Jet Reported

The Associated Press

MONTREAL — Five Sikhs have been arrested and charged with plotting a bombing attack. Press reports, quoting police sources, said the group had planned to blow up an Air-India jet on a flight Saturday from New York to New Delhi.

"It appeared that it was to be a place," Crown Prosecutor Pierre Gauthier said after the five were arrested Saturday. He refused to elaborate.

The prosecution said the crimes occurred in the period April 4 to Friday, but provided no further details about the arrest.

The Times-Globe and Mail quoted police sources as saying the charges were in connection with an alleged plot by a group of Sikh extremists to blow up an Air-India Boeing 747 flying out of New York.

The five were arrested Friday afternoon after a search of the Montreal area. The group was said to be planning to blow up the jet flying to New Delhi was to be attacked Saturday.

The press sources said the five suspects were believed to be members of the Sikh Babbar Khalsa organization, a radical underground group in Canada.

Police at John F. Kennedy International Airport, which serves New York, and Air-India officials there were alerted to the plot. A Port Authority spokesman said the spokesman declined to discuss the reasons for the alert.

During the arraignment, police with weapons drawn ringed prisoners' box at the Quebec Superior Court and ordered the court to close for the day. The five men entered no plea to the charges.

The five men requested a preliminary hearing Wednesday. Each suspect was charged with conspiracy to possess or fabricate explosives, which carries a maximum prison term of five years, and with conspiracy to possess or fabricate explosives with intent to injure, which carries a maximum term of 14 years.

Sunday marked the start of what many are calling the Sikh week, commemorating the second anniversary of the storming by the Indian army of the Sikh shrine, the Golden Temple in Amritsar in Punjab state.

At least 600 people were killed in the attack on the temple June 5, 1984. Pauline Vincent, press secretary to Solicitor General Perrin Bevil, said in Ottawa that eight arrest warrants had been issued. She declined to elaborate.

Mr. Bevil said, the Montreal official, denied news reports that the arrests were linked with the crash of an Air-India jetliner off the coast of Ireland on June 23.

No one survived among the 329 passengers aboard that flight. A judicial panel in India concluded in March that the crash had been caused by a bomb.

# ISRAEL: Official Replaced

The Associated Press

Under a judicial inquiry, Mr. Shalom and his aides would not have to be suspended, as they were in a police inquiry.

Mr. Peres has rejected calls to end the dispute by suspending Mr. Shalom, saying such a move would weaken the security services by sacking its chief without giving him an opportunity to defend himself.

Mr. Beilin said that if the government decided on a judicial inquiry, it would be with the approval of the new attorney general, even though that was not legally required.

His remarks appeared to suggest that the cabinet was anticipating taking the case out of the hands of the police and — with Mr. Beilin's approval — giving it to a judicial panel that would conduct its inquiry in secret and not require that Mr. Shalom alone be suspended.

The cabinet minister most critical of the government's handling of the case was Mr. Moshe Arens, Minister of Defense, who said in a statement that he was satisfied with the appointment of Mr. Beilin.

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

Mr. Zamer, who was attorney general for seven years, said he was not upset by the timing of the replacement appointment. He said, "I am very relieved," he remarked. "I've had enough trouble."

# Australian Alleges U.S. Plea on Barbie

The Associated Press

CANBERRA, Australia — The United States asked Australia to extradite the former Gestapo chief Klaus Barbie, the former Gestapo chief in the French city of Lyon, and Canberra agreed to consider the request, according to an opposition politician.

Mr. Baume, leader of the Liberal Party in the Senate, also told the upper house Thursday that he had obtained documents showing that Britain asked Australia in 1948 to "go easy" on Nazi war criminals.

He said he had obtained the documents under Australia's Freedom of Information Act.

Mr. Baume presented a letter that he said was written in June 1952 by the Australian immigration minister to the U.S. Army. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

Mr. Baume said the letter was in the files of the Australian Embassy in Washington. He said the letter was in the files of the Australian Embassy in Washington.

He said that Britain's law to extradite said that "it seemed to me that it should be extradited after 31 August 1948."

The letter said the policy would affect war criminals who had not been captured and who might come into the custody of Britain or other Commonwealth countries.

"It is outrageous," Mr. Baume said, "that the British government should have sought to impose on Commonwealth countries in 1948 the policy that they should accept any person or prosecution of war criminals."

Mr. Baume said Australia had admitted some Nazi sympathizers into the country in the early 1950s. He described a member of his own party who was born in Yugoslavia, Lyenko Urbanich, as a collaborator.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

Other accusations have been made in the past against Mr. Urbanich and his party branch in Sydney. He has consistently denied the allegations.

The Dorchester.  
The epitome of British tradition,  
service and hospitality.



In the heart of Mayfair stands a living tradition. The Dorchester. A Regent hotel. Here you'll find the highest standards of service and cuisine in London.

The Dorchester  
A MEMBER OF THE INTERNATIONAL HOTELS

LONDON 01-439-8888, TELEX 887704, FRANKFURT 069-23-0448, TELEX 4170350.  
NEW YORK 212-655-1234, TELEX 212-655-1234, FRANKFURT 069-23-0448, TELEX 4170350.

## INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions.

TITLE	SALARY	EMPLOYER
PROJECT CONTROLLER	\$32,000-\$41,208 w. dep. \$30,277-\$38,101 without dependents	Int'l Financing Organization (United Nations)
MANAGER	A world leader in the field of C31 Sys., airborne nav. sys., & avionics.	
ADVERTISING DIRECTOR	Negotiable	South Publications Ltd.
ASSISTANT CONTROLLER	\$43,461-\$49,287 w. dep. \$40,042-\$45,863 without dependents	U.S. Film manufacturing & distributing Industrial Products.
DIRECTOR	\$43,461-\$49,287 w. dep. \$40,042-\$45,863 without dependents	Int'l Financing Organization (United Nations)

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please call for a free copy: Mrs. Ferraro, INTERNATIONAL HERALD TRIBUNE, 92521 Nieuwe Cadex, France. Tel. (1) 46.27.93.81, Telex 75999

## INTERNATIONAL CLASSIFIED

(Continued From Back Page)

ESCORTS & GUIDES	ESCORTS & GUIDES	ESCORTS & GUIDES	ESCORTS & GUIDES
<b>INTERNATIONAL ESCORT</b> USA & WORLDWIDE Head office in New York 212-765-7896 212-765-7784 Major credit cards and checks accepted. Private limousines available.	<b>MADRID</b> JAGHON ESCORT SERVICE Credit cards 230071 - 230080	<b>ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91
<b>LONDON</b> KENSINGTON JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>GENEVA-ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91
<b>LONDON</b> Portman Escort Agency 49 Colborne Street Tel. 464 2222 w. 464 1158 All major credit cards accepted.	<b>GENEVA-ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91
<b>LONDON</b> BLISSVILLE Road Service Tel. 735 5877.	<b>GENEVA-ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91
<b>ARISTOCATS</b> London Escort Service 129 Victoria St., London W1 Tel. 01/765 7896 Tel. 01/765 7784 Tel. 01/765 7784	<b>GENEVA-ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91
<b>REGENCY NY</b> WORLDWIDE ESCORT SERVICE Tel. 212-655-1234	<b>GENEVA-ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91
<b>ROMA CLUB EUROPE</b> Tel. 06-5930 2000-59 1144 from 4 pm to 10 pm	<b>GENEVA-ZURICH</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91	<b>AMSTERDAM</b> JAGHON ESCORT SERVICE Tel. 01/348 3434 - 343 34 91

## ESCORTS & GUIDES

**HONG KONG/TOKYO (31) 682579**  
 Yung King International Corp. Service  
 Tel. 01/584 2021

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

**AMSTERDAM**  
 JAGHON ESCORT SERVICE  
 Tel. 01/348 3434

son's London home. He was 56.

Mr. Till, who was also communications vice president of the Los Angeles Times-Washington Post News Service, collapsed while he and his wife, Isabel, were attending a birthday party for their oldest son, Philip, a European radio correspondent for NBC News.

A native of England, Mr. Till was a communications manager for United Press International in Europe and New York before resigning in 1975 to join East Corp. in Chicago. He joined The Washington Post and the Times Post news service in Washington in 1977.

He was a member of the "pattern of Soviet noncooperation," said Tuesday that the SALT-2 treaty would not dictate the structure of the strategic arms control talks.

The Soviet government denied Sunday that it had violated the clarity-strategic pact from being set to end."

But, beyond the limits set in SALT-2, Moscow would take "the necessary practical steps to prevent the military-strategic parity from being upset."

The treaty, which was signed in 1979 by the United States and the Soviet Union, but was not ratified by the U.S. Senate, limits the number of strategic arms both sides can have.

Both sides have adhered to the treaty since its signing, although it expired Dec. 31.

The Soviet statement also charged the Reagan administration of taking an "unconstructive" stance on the issue of proposed summit meeting between Mr. Reagan and Mikhail S. Gorbachev, the Soviet leader, said at the news talks in Geneva.

**Minister Prays for Death of U.S. Justice Brennan**

*United Press International*

**LOS ANGELES** — A fundamentalist Presbyterian minister the Reverend J. Richard Oliver, said Sunday that Justice William J. Brennan Jr. of the Supreme Court was a "baby killer" and exhorted his congregation to pray for the judge's death.

Justice Brennan, one of the seven justices who supported the 1973 Roe vs. Wade decision legalizing abortion, was the target of the

**The International Herald Tribune**  
 Bringing the World's Most Important News to the World's Most



سكنا لى لى

# Turkey: A Case of Growing Pains

## IN THE NEWS

**Dec. 1985: Accord On Human Rights**  
Five European countries reached a "friendly settlement" with Turkey on human rights conditions, thus removing a major obstacle to closer Turkish-European ties. The countries, France, the Netherlands, Sweden, Norway and Denmark, had lodged a complaint against Turkey with the European Human Rights Commission in 1982. The settlement follows agreement that Turkey will prepare periodic reports on progress in improving human rights.

**Jan. 1986: Istanbul Bullish on Stocks**  
Istanbul's newly reactivated stock exchange was the cause of optimism as the year opened. The site of a busy exchange during the last century, Istanbul suffered from the fall of the Ottoman Empire, and the development of industry in the 1960s did not vitalize the exchange, although one existed on paper. Now, although shares of many large companies are not listed, Maharrun Karali, the exchange chief, is optimistic. "The Indonesian stock exchanged started with only one share," he said.

**March 1986: Action For Cyprus Accord**  
United Nations Secretary-General Javier Pérez de Cuellar conveyed new proposals on Cyprus to Greek and Turkish Cypriot leaders. The Soviet Union again proposed an international conference to resolve differences. Greece and Greek Cypriots favor the idea, but Turkey, Turkish Cypriots and some Western allies are against internationalizing the issue.

**April 1986: In Ankara, A Libyan Connection**  
Two Libyans were caught in Ankara with grenades near the U.S. Officers Mess just days after U.S. planes bombed targets in Libya. The incident presented Turkey with a diplomatic dilemma. Although a NATO member and U.S. ally, it could not openly support the U.S. raid. It has strong economic ties with Libya, where more than 35,000 Turks work, and is a Muslim country with close Arab ties.

## Economic Challenges

# Inflation Hangs Over Ozal's Ambitious Policy

Few Turks want a situation that would give power back to the army.

By Julian Nundy

**ANKARA** — Prime Minister Turgut Ozal has reached the midway point of his five-year term with a string of economic successes to his credit. But one dark cloud still hangs over his policies — inflation. Since being elected prime minister in 1983, when the armed forces, which had taken power in a 1980 coup, allowed elections, Mr. Ozal has won considerable praise from economists at home and abroad for his efforts to put Turkey back on its feet.

He has done this by opening up the economy to imports, forcing Turkish companies to compete or die in a free-market economy. Turkish companies rose to the challenge and exports started to grow dramatically. Shares that were remarkable only for their drabness at the end of the 1970s filled with all kinds of consumer goods.

One of these is to turn Turkey, in the words of a top Ozal adviser, into "voluntary tax inspectors."

Among Mr. Ozal's measures has been the introduction of a 10-percent value-added tax.

But he was mindful of the difficulties that other countries, such as Italy, have faced when traders often simply do not charge the tax, selling goods or services tax-free.

In Turkey, however, low wage-earners get a partial rebate of these taxes from the government, provided they produce the receipts to prove the payment of the tax, cutting down the possibilities for fraud.

With urgent infrastructure needs, the government has also embarked on housing and road-building programs both to improve living standards and to help offset unemployment, estimated by independent economists to be around 14 percent to 16 percent.

To pay for social housing programs, the government has put a surcharge on imported luxury goods, generating an estimated \$1 billion a year.

In 1986, officials say that 150,000 housing units will be built. The units are planned as part of new satellite cities



A Turkish family, above, finds a practical solution to the problem of social mobility. An interview with Prime Minister Turgut Ozal, right, covering Turkey's democratization process and relations with the European Community, is on the next page.

that will also have office buildings, shopping malls, schools, clinics and sports facilities.

But the average Turk, even if he is on the poverty line, hankers after spacious, large houses that are no longer feasible in a country of 53 million, with a population growth rate of around 2.5 percent a year.

So, to encourage the families that qualify to accept smaller housing, the government offers loans to buy furniture to those that accept accommodation totaling less than 60 square meters (645 square feet). "That way, we can build

twice the houses," an official at the prime minister's office said.

Officials say that a \$1.6-billion project to build 600 miles (1,000 kilometers) of expressway by 1988 is well advanced. They estimate that tolls on the highway will reimburse the cost of the construction within five to six years.

Another project to improve the country's infrastructure has been dubbed "build, own and operate" by Mr. Ozal.

Under this plan, the Turkish government offers contracts to foreign companies to build installations such as

power stations. Once built, the constructor operates the plants and sells the electricity to the government. The government makes only one commitment, to buy the power, while the builder takes on the investment and the risk.

Mr. Ozal said that, so far, one Swiss company has agreed to build a thermal power plant near Istanbul under this policy.

As for agriculture, the government has started a seed improvement program to boost crop yields.

Officials said the program has been accepted by about 20 percent of the farmers involved, but another 10 percent were expected to follow this year.

Another ambitious plan is to increase the number of Turkey's television channels from the current one to six by 1988, the year that Mr. Ozal has to call a general election.

According to one of Mr. Ozal's advisers, three of these channels would be used for educational purposes. One would be aimed at small children, the second at high school and technical school students. The official said that the project will be far cheaper than the teacher improvement programs that would otherwise be necessary.

The third educational channel, meanwhile, would carry details of new techniques in medicine and engineering to keep specialists in rural areas up-to-date on developments in their field.

The proliferation of television channels would also provide the government with a cheap means of promoting social programs, such as a current campaign to improve hygiene and explain birth control.

But, while such programs should create employment and raise living standards, the specter of inflation, found by a recent opinion poll to be the Turks' major concern, dominates the economic scene.

Mr. Ozal himself said that inflation for the 12 months ending April of this year was around 29 percent compared with a rate of 37 to 38 percent in 1985, which itself was an improvement on the 50 percent of the previous year.

He said that he expected to bring the rate for 1986 down below the target of 25 percent, the same target he had set for 1985. However, bankers in Istanbul said that their calculations showed a current rate of between 35 and 40 percent, with few prospects for a significant drop.

The bankers said that the effects of lower oil prices would probably not be felt by the Turkish economy until the last quarter of this year since much of Turkey's imports so far have been covered by earlier contracts with its two producing neighbors, Iran and Iraq. The government has also said that it will not reduce the cost of oil to the consumer.

Mr. Ozal's austerity policies, which have kept wage increases below the inflation rate, have eroded many lower- and middle-income Turks' purchasing power at a time

Continued on Page 8

## STILL YOUNG TURKS AT HEART

In 1888 Interbank started out as the multinational Banque de Salonique.

From the beginning it prospered, specializing in trade between the Ottoman Empire and the west.

The entrepreneurial flair and international orientation of the original Banque de Salonique still distinguish the Istanbul-based bank, renamed in 1969 the International Bank for Industry and Commerce.

Interbank, for short.

In the years that followed, Interbank has grown to such an extent that it has become Turkey's leading wholesale bank, specializing in trade finance.

Our client base of top-tier companies is responsible for three-quarters of Turkey's rapidly expanding inter-

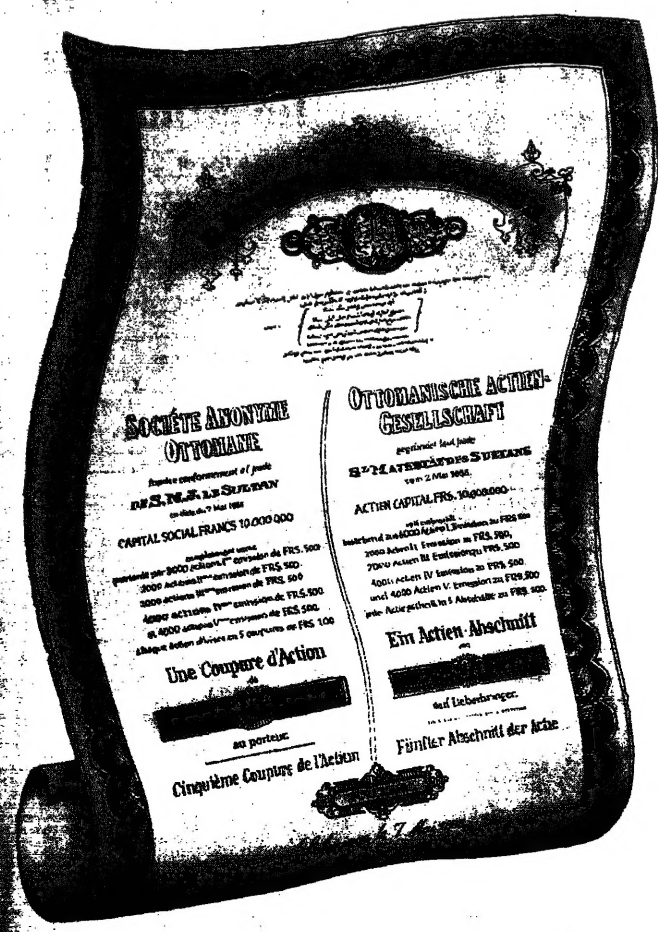
national business; and Interbank, in turn, handles some 12% of this trade.

With a correspondent network covering the globe, we are expert in managing Turkish import/export transactions and well versed in financing transit trade and countertrade deals involving Turkish partners.

But our activities don't end there. We've become a leader in foreign exchange dealing and government securities trading.

We're the first Turkish bank to link our entire branch network into a real-time, online system.

Young Turks may change their name, but at heart their forward looking, innovative spirit has only gained impetus over the years.



**INTERBANK**  
THE TURKISH BANK FOR INTERNATIONAL TRADE

For more information please contact N. A. SHEPPARD, ULUSLARARASI ENDÜSTRİ VE TİCARET BANKASI A.Ş., BULVARDI CAD. 108, BEŞİTEPE, İSTANBUL, TURKEY. TELEPHONE 172 30 00. TELEX 26 980 IBCT TR.

## INTERVIEW

## Ozal Sees Progress on EC, Democracy

In a recent interview with the International Herald Tribune, Prime Minister Turgut Ozal spoke on a range of issues with Julian Vandy of the IHT and Mustafa B. Gural, a Turkish correspondent who helped coordinate this special report. The following are excerpts from their interview:

What sort of timetable do you think you will make up for an application for full membership in the EC?

OZAL: I think what is mostly important is how long it will take Turkey to be a member of the Common Market. Whether we apply right now or whether we apply one year later is not very important. What should be seen is the Turkish aim to become a member of the Common Market. It is true that our relations up to now have somewhat been on the fringe. Now it is becoming better and better. We will see after the meeting of the Association Council.

There are signs that Europe has accepted that Turkey has made progress toward democracy. What do you feel still needs to be done? Do you think the European complaints are justified say, for example, concerning trade unions, freedom or democratization of Turkish society?

OZAL: I do not think that it is justified because most of the complaints are not coming from the real lovers of democracy. It is coming mostly from the extreme groups who are supported by our enemies. I should say very extreme Socialists or extreme leftist groups.

I will say that today in Turkey we have a parliament, an elected parliament. We have political parties, at least nine and increasing every day. We have a free press. They criticize me very freely and very harshly.

And the judicial system is free, it is not controlled by the executive power. Sometimes Europeans come and ask us to free certain people who are serving prison sentences. I have no authority over the courts, they are independent.

There are trade unions, strike and lockout possibilities. There have been some strikes already during the last two years. And even though a general strike is forbidden by law, they talk about a general strike.

I think all these basic points show that there is democracy in this country, and a democracy which is very similar to the democracy in the European system.

With over 50 million population and a 2.5 percent birth rate in Turkey, do you think there may be other issues...



Prime Minister Turgut Ozal

## Main Points Of the Interview

■ EC: The road Turkey is following is getting it closer to the Common Market.

■ Rights: There is a democracy in Turkey very similar to the one in Europe.

■ Cyprus: The only decent solution is for both states to be political equals.

■ Greece: Athens and Ankara should sit down and start discussing their problems.

pressed worries about Turkey's becoming a full member?

OZAL: I cannot talk for Europeans, but there may be certain things they are afraid of. The Common Market started with six countries then extended to 10 and now to 12. Especially with the entry of Spain and Portugal, conditions from the point of view of the Common Agricultural Policy have changed. With the enlargement of the Common Market, the problems have also enlarged at the same time. Some say that it was easier to manage the Common Market when there were only six members. As they have increased in numbers, they probably need some new formulas, maybe some changes.

When you compare Turkey with the new members, one might say that with a population of 52 million and a birth rate of 2.3, 2.4 percent, a young Turkish population might flood the whole of Europe. This is a pessimistic view of the story. One has to look at the other side of the system.

Turkey today from the point of industrial development or competitiveness of her industry is better than Spain and Portugal. Our industry has been based on a free market system during the last six years. The Turkish economy right now is liberalized. There are all possibilities of imports into Turkey. Turkish products can easily compete everywhere. And we have very little subsidy compared to Europeans. This shows very clearly that competitiveness exists.

A recent study shows that 75 percent of Turkish industry is competitive by Common Market standards. Only 25 percent will require some adjustment period. I do not think you will find the same situation in Spain. This is the result of the policies we have followed in recent years.

Whether we will become a member of the Common Market or not, the road we are

following is getting Turkey closer to the Common Market.

We should also remember that Turkey is a bridge between the East and the West and has quite a big influence on countries to our south — Arabic and Islamic countries mainly.

Let me point out that no more than five years from now, oil and gas will be as important as before for all of Europe. And in the coming 10 years, although I do not know what will happen in Europe or Germany, I can say that they will require more workers because population is decreasing.

What will the situation be at the end of the century? I do not think automation will reach far. Many jobs will still be undertaken by workers.

But at the turn of the century, we probably will not have many people to send abroad. It is a very rapidly developing country. Even in this condition, our growth rate in recent years has been 5 to 6 percent. This year, I assume it will be more than 5 percent.

You have been very low-key since you became prime minister about problems with Greece. You mentioned you would be open to negotiations. Suddenly this month you said that your "patience is running out."

OZAL: Sometimes this is necessary. The Cyprus problem came up with the new proposals

of the secretary-general of the United Nations. They started talking about Turkey. Mr. Papandreu (Andreas Papandreu, the Greek prime minister) in a speech said that he would never permit the change of the Greek character of Cyprus.

I had to answer that. I said that the island had never been Greek in its history. It belonged to the Venetians and then was taken over by the Ottomans. Later the British rule came.

I believe it was first during the Ottoman period and later under the British rule that the Greeks immigrated to the island. And I said, if you want to call the island something, it is more Turkish than Greek. It was governed for many hundreds of years by the Ottomans.

On the other hand, they have always used Cyprus as a case against Turkey. They never wanted to reach a decent agreement in Cyprus. The only decent solution for the island is for both states to be accepted as politically equal partners. If you call one state the sole owner of the island and the other side rebels, there is no possibility for an agreement.

Greeks have the upper hand. They have been recognized as the sole representative of the island and the northern part is called the north.

There have been two occasions. The first proposals of 1965 were accepted by Demetris (Rafik) Dekdash, the Turkish Cypriot leader, and refused by the Greeks and now it is the same. They will never accept unless you say that everything belongs to the Greek side.

You mentioned that you were upset with constant Greek efforts to undertake anti-Turkish propaganda in different international forums. What do you intend to do?

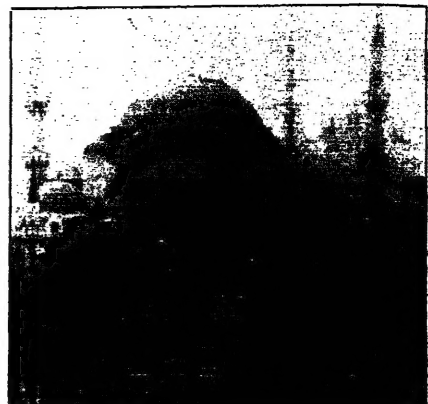
OZAL: I think that in all these forums, whether it is a Common Market forum or elsewhere, the other countries are not going to completely decide with Greece. They will know exactly what is good and what is bad and who is right and who is wrong.

On the other hand, do not forget that Turkey with a population of 52 million has a stronger defense capability for NATO at the southern end. Turkey is a key element in this part of the world. Greece only has 10 million population.

We also have quite a big number of friends in the Islamic group of countries. I think this also has to be weighed. But in spite of these differences, I have tried very hard to sit down to talk of our problems. I proposed to Papandreu that we should start talking.

I said, "Maybe we let us start an agreement. It is not easy but let us start to talk." We can talk on less difficult subjects like tourism or trade. And this way maybe we can make some headway and then maybe if we gain confidence we will be able to solve other problems.

I saw him in Davos. I have pictures of myself with him, but that's all I have.



Minarets in Istanbul

## Inflation Threatens Ambitious Policies

Continued from Page 7

when businessmen are profiting from the increase in commerce.

But foreign diplomats and Turks themselves say they think there is little likelihood, despite the growing frustration at falling income, of protest or agitation against these policies.

The years of military rule and martial law have removed most people's desire to get involved in controversial forms of political activity, they say.

And few Turks would want a situation that would give the military, whose right to intervene to defend Turkish democracy is written into the 1982 constitution, the pretext to take power again. Apart from 1980, the armed forces intervened in Turkey's political life in 1960 and 1971.

While most Turks express their approval of the bulk of Mr. Ozal's economic policies, many intellectuals are still disturbed by what they see as restrictions on human rights.

Some trials of defendants accused of having "communist" intentions, but not charged with a specific crime, started under military rule are still continuing although in many cases the defendants are at liberty.

People applying for work at state enter-

prises have to undergo a security clearance which can last for months. When candidates are refused, they are not given a reason. Prospects to travel abroad are also withheld, without any stated reason, from the families of persons accused of leftist associations in the past.

As leftists still feel under pressure from the state, they say that they have noticed an increase in Muslim fundamentalist activities that are apparently tolerated.

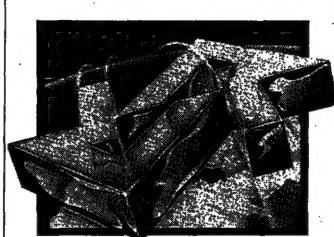
While these activities, particularly noticeable in the universities, have not reached a scale that could be called alarming, some Turks feel that the government is being too tolerant toward a phenomenon that could cause friction in the future.

A adviser to the prime minister, who is himself a religious Muslim, although the state is strictly secular, described the rise in fundamentalism as an "identity crisis of youth, the early pains of urbanization."

He added: "How can you control such things? If you are the police, you will increase the fanaticism. You cannot suppress beliefs with force."

The same adviser described Mr. Ozal as being "like a Buddhist monk, peaceful, nonviolence. We have to change the Turkish political character; get them to be tolerant of opinions they hate. We have a lot of hand-banging to do. It's not just a question of having a democratic constitution and laws."

## MEPA means better business with Turkey



MEPA is a highly successful marketing organisation owned by Turkey's biggest private commercial bank.

We are amongst the largest and most efficient exporters of Turkish products. We're also the best people to talk to if you want to open up the Turkish market for your goods. Especially as our parent, Turkiye Is Bankasi is able to provide trade finance.

And whether you're doing business as an importer or exporter, you can rely on the important extra quality we bring to all our dealings — dependability. It stems from our financial strength, our modern management techniques, facilities, and our experience in handling a huge variety of goods.

We have marketed everything from textiles to tractors, furniture to foodstuffs, for over 100 companies. Last year our export turnover alone increased 75 per cent to US\$205 million. This year our projections are for US\$275 million.

More business and better business — that's what MEPA stands for. Whichever direction you want to trade in, find out more about us today. Send for our information brochure 'Portrait of Success in International Marketing'. Or simply start talking business right away with our General Manager, at our head office in Istanbul.



CENTRAL MARKETING CORPORATION

Let's talk Turkey!

Head Office: Barbaros Bulvarı, 45 Beşiktaş, İstanbul - Turkey.  
Telephone: 133 70 05 (5 lines) Telex: 26602 me mtr c  
Offices and representatives in Algeria, Iran, Iraq, Pakistan, Switzerland, West Africa and United Kingdom.

## Foreign Firms Hesitant Over Investments

By Ann Taboroff

ANKARA — "It's a misconception" that foreign investors are rushing into Turkey, an Istanbul banker said. In spite of a package of incentives offered by the government, "Foreign companies are still waiting to see if Turkey is on the right track," he said.

The question of how the government of Prime Minister Turgut Ozal will fare in the 1988 elections is uppermost in everyone's mind. Although some believe that the importance of foreign investment has become an accepted fact, others voice doubts about the longevity of the current pro-foreign investment policy.

"This is a unique period for Turkey, even an aberration," a top-level Turkish executive said. "In perspective, it is very short. We have to prove the continuity of the measures we've adopted."

The Foreign Investment Department of the State Planning Organization, which is empowered to approve projects of up to \$30 million on its own, provides smooth, fast and professional support to foreign investors and their local partners. The package of incentives and guarantees further eases the entry of foreign capital and new decrees on foreign exchange regulations and property ownership have largely put to rest concerns about the transferability of profits and assets.

Naim Kamal Kilit, the head of the Foreign Investment Department, claims with much justification that "Turkey has put its house in order." Perhaps because of this, there is a certain amount of hesitance on the Turkish side that more fresh foreign investment has not flowed into the country.

But besides the political question, inflation remains a major problem. "It's keeping investors away," a lawyer, Ahmet Tekeli, said. Counselor Oktan the Zilli Group remarked, "You can't base foreign investment on continued devaluation."

The fact is, foreign investment is coming to Turkey, but slowly, and in a definite pattern. First came the financial services. With a low capital outlay and a short payback period, it was relatively easy for banks to move in.

Next came international adver-

ting agencies, eager to service their clients as they moved into the Turkish market. Within the last year, J. Walter Thompson, McCann Erickson, and Foote, Cone and Belding have bought into Turkish agencies.

Lastly, come the manufacturing companies. "It's a lengthy multi-faceted process," Abhis Usha of

Manufacturers Hanover Trust said. "There are millions of questions you have to answer."

The entry of foreign manufacturers into the domestic market is creating some tension, however. "The domestic market is the driving force," Mr. Kilit said. "The idea of foreign investment for exporting is a legacy of the Ataturk Group, head of the Kevrek Group, said."

But Fahir Ullal, managing director of the Koc Group, feels strongly that foreign investments should back exports. "It's better to get on the side of the market that's growing the fastest," he remarked, adding that "there is a shortage of nothing in Turkey now. Local production is quite high."

So far, however, consumers are lining up to buy foreign brand names. In the garment industry, the surge of interest is "like a gold rush," according to Cem Boyner, president of the Ataturk Group, a leader in quality textiles and fashion retailing. "Foreign companies are coming because Turkey is the last, last place in the world they're not selling."

The success of Benetton, which opened 13 shops in this year in its domestic market, has others beating down the doors. "It's come to Kevrek," Mr. Boyner said, adding, "When they

Conf'd on Page 11



## Garanti Bankasi offers Turkish coffee and instant success...

Certain banks apparently think that the best way of helping foreign investors is to extend them a warm welcome, offer instant coffee, and promise distant success...

At Garanti Bankasi we practice a rather different formula: we offer Turkish coffee and instant success!

As a leading commercial bank of Turkey, Garanti Bankasi has stood at the forefront of Turkish economy for forty years. And in the last decade, our Bank has anticipated the recent outward reorientation of the

economy and has prepared itself accordingly.

We have also proved ourselves by the success of those foreign investors in Turkey who consult us. With the reliable information and expert advice provided by Garanti Bankasi, investors from all parts of the world have been able to avoid all those unnecessary delays on their way to success.

If you're interested in doing business in Turkey, contact us. Save time and worry. And after a cup of Turkish coffee, concentrate on the business!

## GARANTI BANKASI

Main Card: 40, Taksim-İstanbul/Turkey  
Phone: (1) 143 47 00 (8 Lines) - Telex: 24 338 gafa tr - 24 189 gann tr



## Problematic Foreign Policies

## For Ankara, Athens Is Chief Obstacle to Better European, U.S. Ties

The two NATO neighbors are at odds over the Cyprus problem.

By Julian Nundy

ANKARA — The standard cliché that is used to define Turkey's international role describes the country as a bridge between East and West. While Turks are overwhelmingly Moslem, sharing the customs and traditions of the southern and eastern Arab and Iranian worlds, the government of Prime Minister Turgut Özal makes it plain that it considers Turkey's political future to be firmly in the West.

One of the North Atlantic Treaty Organization's front-line states, Turkey has a mind-boggling array of frontiers with Greece, Bulgaria, the Soviet Union, Iran, Iraq and Syria. In recent years, it has developed its trade relations with the Arab countries and Iran, supplying both the protagonists in the Gulf War with much of their food and other basic needs. Turkish officials say that 40 percent of their exports will go to Middle Eastern countries this year.

However, the officials say that this has not encouraged Ankara to develop a more high-profile political role in the area. Diplomatic sources say that the United States has encouraged Turkey, as the only Moslem NATO member, to do so.

Instead, the Turkish government intends to apply for full European Community membership. Turkish officials refuse to say when Ankara will file a formal application, but European diplomats in Turkey say that they expect it to be forthcoming before the next parliamentary elections, which are due in 1988.

With Turkey's multitude of economic problems, the prospects for the start of any EC entry negotiations appear remote. For Turkey, the main problem on its road to unity with Europe at the moment is Greece.

The two NATO neighbors are at odds over a solution to the Cyprus problem and control of the Aegean continental shelf and of the airspace between them. Greece has declared that its main military threat comes from Turkey and not from the Soviet bloc.

Since Mr. Özal became prime minister in 1983, Turkey has offered talks on these problems, but the offer has repeatedly been rejected by Prime Minister Andreas Papandreu of Greece.

JULIAN NUNDY is on the staff of the International Herald Tribune.



The two men met at an economic seminar in Davos, Switzerland, earlier this year but did not hold talks. "I saw him in Davos," Mr. Özal said. "I have pictures of myself with him, but that's all I have."

Western diplomats based in Turkey acknowledge that Greece has legitimate claims, particularly over a 1964 law which discriminates against people of Greek origin owning property in Turkey. However, they are united in their criticism of Athens's consistent rejection of dialogue.

In a speech in early May, Mr. Özal indicated that Turkey was not prepared to continue offering negotiations and said that his patience had its limits.

"He has come to the conclusion that Papandreu is implacably hostile and is opposing Turkey's interests everywhere," one Western envoy said.

Mr. Papandreu "tries to convince everyone that Turkey really is a threat," Foreign Minister Vahit Haliloğlu of Turkey said in an interview with the International Herald Tribune. "But there are signs that Western public opinion and governments are fed up with this accusation, which has no real basis."

The main international problem between the two countries is Cyprus, where Turkish Cypriots declared an independent state in the north of the island in 1983. The island has been divided since 1974, when Turkish troops invaded Cyprus during a coup attempt against Archbishop Makarios, the island's Greek Cypriot president. The coup was timed at uniting the island with Greece and its failure caused the military rulers who then

governed Greece to return power to civilian politicians.

Over the past 18 months, the United Nations secretary-general, Javier Pérez de Cuellar, has produced two draft accords that would establish a bilateral federal state on Cyprus. Each has been accepted by the Turkish Cypriot leader, Rauf Denktaş, but rejected by President Syrius Kyprianou for the Greek Cypriots.

Mr. Kyprianou made frequent visits to Athens during the preparation of both drafts, which were presented in January 1985 and last month.

"Mr. Papandreu doesn't want to solve the problem," Mr. Haliloğlu said. "He wants to use Cyprus in international fora against Turkey. In the U.S. Congress, he makes the Greek lobby work to treat Turkey as the invader."

The Greek Cypriots, the Turkish foreign minister said, "don't want to solve the problem because they are considered the only legitimate power in Cyprus, receiving all the aid and assistance. They don't want to share prosperity, aid and political power."

A preliminary step toward EC membership, Turkey has had an association agreement with the community since 1963, governing its trade ties with Western Europe. This accord was frozen by the EC after the 1980 military coup. The EC is trying to reactivate it by the end of this year.

European diplomats say Greece has tried to prevent the resumption of normal EC-Turkey ties but, one said, "other EC members will not

espouse all Greece's problems with Turkey."

Once the agreement does come back into force, then Turkey can start its moves toward full membership. In the past, as new members have joined the EC, entry negotiations have taken several years and then been followed by transition periods over a number of years.

Mr. Haliloğlu dismissed the idea that Turkey would become impatient with such a schedule. "You get engaged first," he said, "then you get married. Sometimes, engagements last longer than they should."

The other major area where Turkey puts the blame on Greece for many of its problems is its relationship with the United States, a relationship that is vital to the Turkish armed forces.

Since the 1974 division of Cyprus, supporters of Greece in Congress have imposed a "seven-to-10 ratio" on military aid to Greece and Turkey.

This means that Greece, with 10 million inhabitants, has to receive \$7 in military aid for every \$10 that goes to Turkey, with its 52 million people.

In 1980, the two countries signed a five-year defense and economic accord that they are currently renegotiating. NATO sources said that \$974 million was expected to be paid to Turkey in fiscal 1987 under current provisions. This puts Turkey third after Israel and Egypt as a recipient of U.S. military aid.

Much of the aid is earmarked for modernizing Turkey's forces, whose equipment is often seriously outdated and inadequate to deal with any conflict with the Warsaw Pact. Mr. Haliloğlu said that Turkey had told the

United States that the accord needed a "few corrections." He complained of negotiating delays caused by Greek and Armenian opposition to Turkey reflected in Congress.

"We need to get this accord on a more solid base, like a pyramid," he said. "We need to clean it of alien elements like the Armenian question, the seven-to-10 ratio and the Cyprus problem, problems that affect our relations all the year round."

Turkey's armed forces have a staggering high manpower of 800,000. West Germany's Bundeswehr, considered NATO's most powerful mechanized force, has 550,000 people under arms in a country with a similar population to Turkey's but with 12 times the gross national product, diplomats say.

The major difference is in the quality of equipment. Many of Turkey's 4,000 tanks were built in the 1950s. One major feature of the U.S. aid program is that it provides conversion kits for 3,000 of these tanks, at a cost of \$300,000 to \$400,000 per tank.

Western diplomats praise Turkey's role within NATO, but say that U.S. military aid is about as high as it can get.

One diplomat said the Pentagon's efforts for Turkey in Congress were "like pulling teeth," but successful. The Americans, he said, were "doing their bit." The Turks say that it is not enough and this is irritating the people in Congress who are reluctant to agree with the Turkish logic.

Another diplomat, a European ambassador, added: "This is a pity because Turkey is a very strong, committed ally, a much better ally than Greece."

### Key Issues On Turkey's Negotiating Table

**GREECE:** The two NATO neighbors continue at odds over a resolution for the future of Cyprus, control of the Aegean continental shelf and airspace between the countries.

**EUROPE:** Reactivation of Turkey's association agreement with the European Community must precede the filing of a formal application for membership. The EC has begun trying to reinstate the association agreement.

**UNITED STATES:** Turkey complains that delays in renegotiating its five-year defense accord, which is considered vital to Turkish armed forces, are caused by Greek and Armenian opposition in the U.S.



### GOING INTO BUSINESS IN TURKEY? CONTACT TÖBANK.

Welcome to Turkey, the land of innumerable opportunities. Due to changes in the economic regulations, Turkey can now welcome all foreign enterprisers.

If you are interested in starting a business in Turkey,

you should contact TÖBANK first. Our international banking and financial expertise gained over 27 years will save you time and worry.

Our remarkable growth during 1985 in all indices makes us one of the fastest growing banks in Turkey. So if you are looking for a rich field of investment and a bank to help you with the necessary procedures... TÖBANK will be glad to serve you.

**TÖBANK**  
"From Eurasia to five Continents"

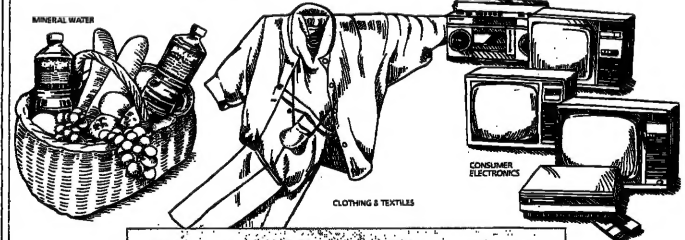
Contact our Assistant General Manager Mr. Erol Çetinel for more information.

Töbank 1 nci Taşovağı Caddesi 7 Mecidiyeköy/İSTANBUL

Telex: 30072 gmbh tr - 30173 org tr - 30102 oigm tr. Phones: 172 22 61 - 172 22 87 - 172 22 64 - 172 22 50 (12 lines) ext. 315

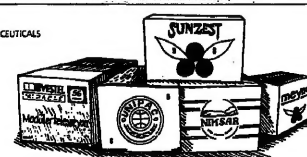
## POLLY PECK INTERNATIONAL PLC

NEW YORK LONDON TURKEY NORTHERN CYPRUS HONG KONG



"The continued success of the Group's agricultural and industrial investments in Turkey reflects the country's exciting economic potential"

May 1986



AGRICULTURE, FOOD & RELATED INDUSTRIES

## POLLY PECK INTERNATIONAL PLC — VISION AND VITALITY

SUNZEST • UNIPAC • MEVİT • VESTEL • NIKSAR • SANTIANA • WEARWELL • TCP

## The Politics of Democracy

## At Mid-Term, Ozal Faces Array of New Parties, Weakening Support

Analysts see other conservative parties as a significant threat to Ozal since they could divide the vote.

By Julian Nundy

**I**STANBUL—When Turgut Ozal ran in parliamentary elections for the city of Izmir in 1977, he lost. It was, some Turks say, an example of how lucky the current prime minister has been over the past few years.

Because he had taken a seat in the Grand National Assembly, Turkey's parliament, he would have been barred from political activity by the generals who took over the country in 1980. He would not have been able to participate in government after the coup nor to become prime minister when elections, limited to three parties that had the military's approval, were held in 1983.

Of those three parties, only the one founded by Mr. Ozal to contest the 1983 election, the center-right Motherland Party, is still intact.

Of the others, the rightist Nationalist Democracy Party dissolved itself in May as its parliamentary group was reduced by defectors who preferred to sit as independents.

And the Populist Party, representing the left in the national parliament, has merged with the Social Democratic Party to form the Social Democratic Populist Party.

The next elections have to be held by 1988 and all established political parties will have the right to participate. As Mr. Ozal reaches the middle of his term, the situation is becoming far more complicated in party politics than in 1983.

Now, a total of nine parties are vying for influence with an electorate whose support for Mr. Ozal is showing signs of waning.

Opinion polls are a new science in Turkey, having been used for the first time in 1983, and officials say their margin of error can be as high as 9 percent. Nevertheless, an aide to Mr. Ozal said they were accepted as a reasonable guide to political trends.

A poll published in mid-May gave Mr. Ozal's party 26.8 percent of the voting intentions, while a significantly higher 32.1 percent went to the Social Democrat Populist Party.

Of the smaller parties, only the True Path Party, founded by supporters of the former rightist prime minister, Süleyman Demirel, gained a significant show of support with 10.1 percent.

Meanwhile, those who said they were undecided accounted for a high 23.5 percent.

An adviser to Mr. Ozal said the undecided were those who had been hurt by austerity policies and the steady erosion of their incomes as the government failed to bring down the rate of inflation. But he said he was confident that, by 1988, there would be a significant rally to Mr. Ozal's camp.

He added that the creation of so many new parties would also work in the incumbent prime minister's favor. "The more parties there are, the more people from among the 'don't know' will look for a guarantee," he said.

While the most obvious challenge to a second term for Mr. Ozal comes from the Social Democrats, political analysts see other conservative parties as a significant threat since they could divide the vote and bring down the Motherland Party. Under Turkey's 1983 constitution, coalitions are forbidden, so Mr.

Ozal could not unite his party with others to retain power.

The True Path Party, backing Mr. Demirel, is currently the most likely to split the conservative vote. Mr. Demirel, barred from returning to political office like other pre-1980 politicians until 1992, recently toured the country making speeches in support of True Path and drew impressive crowds.

If Mr. Ozal were to lose the next elections, political analysts say they would expect Mr. Demirel's supporters to become Turkey's leading party on the right.

As for the Social Democrats, some political commentators predict that they will win enough seats in the 400-seat parliament simply because of the voters' desire to consolidate the changes since the military handed back government to the civilians.

**T**he most common criticism of the Social Democrats, however, is that "they offer no coherent alternative policies," in the words of one West European diplomat.

This reflects a general approval of the results of Mr. Ozal's radical economic policies, one that has even hardened opponents at a loss to criticize the turnaround in Turkey's economic fortunes.

"It is really quite incredible," said one Istanbul intellectual, who spent more than three years in jail for political activities after the 1980 coup, "that the left through to the right, people are mainly in favor of Ozal's economic policies. It's unheard of."

But Mr. Ozal's decisions complete that not enough has been done to introduce true democracy into Turkey. They cite a ban on communist parties, restricted trade union activities and continuing trials of leftist intellectuals.



Süleyman Demirel, left, appearing last month at his first political rally since 1980. Above is Yildirim Arslan, whose True Path Party is backing Mr. Demirel in the elections.

which could then be expected to link up with other parties or go it alone.

But many consider that Mr. Ozal is unlikely to be defeated.

Since 1980, no incumbent Turkish government has been voted out of office. Only three military interventions, in 1960, 1971 and 1980, have brought about a change of regime.

While the Motherland Party has plainly dropped in popularity since it drew 40 percent of the votes in 1983, analysts put its current residual strength at around 30 percent, leaving it a strong contender for a second term. These same analysts attribute the drop in the polls to a mid-term dip in popularity common to governments everywhere.

The party is on a good way to consolidating itself. Government has acted as a cement, one diplomat said. "Mr. Ozal has clear, concrete policies. And for the moment, the others don't."

## Market Forces

## Liberalization of Banks Suffers Setbacks

By Aydin Ullusan

**I**STANBUL—The reliance on market forces to optimize the allocation of scarce resources was one of the cornerstones of the economic policy adopted by the government of Süleyman Demirel in January 1980.

However, given the special nature of the banking industry as custodian of the public's money and the vital importance of foreign exchange to the economy, there have been occasional setbacks during the transition to a sector with minimal government intervention.

The central bank's role in this process of liberalization has, of course, been significant.

Although the constant changes in rules and regulations are irritating and make planning difficult, it must be kept in mind that merely attempting to effect changes can lead to mistakes.

This would not be the case for a government trying to maintain the status quo.

The central bank was criticized recently for curtailing the freedom of banks to deal in foreign exchange. Before March 1986, banks were free to determine their foreign-exchange purchase and sales rates; now their rates are pegged to those announced by the central bank.

The purchase (or sales) rate cannot be more than 1 percent above the central bank rate, and the maximum spread between the two rates cannot exceed 2 percent.

Interbank rates, however, can be freely determined. The result of this restraint from relying on market forces to optimize the allocation of resources has been a non-functioning foreign-exchange market, due to artificial prices determined in Ankara, and the drying up of the interbank market.

The latter problem has been the bank's inability to reconcile buying foreign exchange in the interbank market with being obliged to sell to customers—importers—at a 3-percent to 4-percent loss.

**F**urthermore, the supply in the interbank market has been erratic since the reaping of large foreign-exchange profits in the past through the constant erosion of the lira reinforced the tendency of some banks to sit on sizable foreign-exchange positions.

This is unfortunate and unnecessary since Turkey does not face, by any means, a shortage of foreign exchange. Old habits, however, are hard to break and it is not easy to reduce heavy overvalued subsidies from the past.

The oscillating trend of deregulation and the opening

up of the banking sector to foreign banks has created a competitive atmosphere in which banking costs have grown while revenues have commensurately decreased.

As would be expected in the post-1980 banking system, specialized, wholesale banks with small branch networks and higher efficiency have performed much better than the "big banks," which have been burdened by over-branching, overstaffing and inefficient traditional practices.

Furthermore, collecting cheap loanable funds from the public—the reason behind overbranching—has been discouraged and the public has to be paid real positive interest on its savings.

This role reversal between small and big banks has created problems of adjustment.

Thus one cannot blame the central bank, which must try to make the transition from "classical" to "modern" banking as smooth as possible, for all the problems.

The crucial point is that market forces are much more

likely to resolve problems without creating new ones for the system.

If some banks are bidding up foreign-exchange prices, it need not mean a reduced supply of foreign exchange but an increased supply of Turkish lira. After all, prices can only be bid up if the money to pay for them exists.

A better method would be to reduce the supply of the lira, not to reintroduce regulations.

If some banks are withholding foreign exchange from the market in the hopes of windfall gains, it is because of inflationary expectations in the past were fulfilled.

Reducing inflation rather than reintroducing regulation could result in foreign-exchange losses and prevent future risky exposure. The result would be a more active and economically efficient use of foreign exchange.

**I**f some banks are "baiting too close to the wire," the solution is to monitor them closely rather than reintroduce regulation of the whole sector.

The recent introduction of a central bank intermediated interbank lira market illustrates this point.

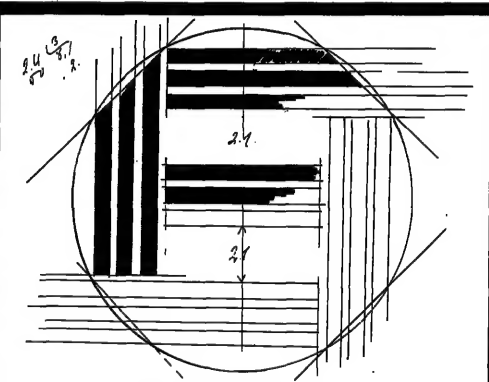
Historic rivalries among some banks and the competi-

tion period of 18 months, and from mid-1987, the total length of the crude lines under BOTAS's property will then reach 2,217 kms.

Today, this young company with twelve years of experience in the field of crude transportation, is ready to repeat its success and to show its ability and expertise acquired, in the field of natural gas pipeline construction and operation. For this purpose, construction of a pipeline for importing the Soviet gas is at the bidding stage and is planned to be completed within 21 months.

A new contribution in the field of natural gas transportation to the national pipeline system will open a new era in TURKEY's economic and political life.

Address: Güneş Sokak, No. 11,  
06690 Çayyavut, Ankara, TURKEY.  
Telephone: 9-41-670150 (13 lines)  
Telex: 426998 BEAT - TR  
Cable: 9-41-282646  
BOTAS-ANKARA-TURKEY.



## FINICKY ABOUT DETAILS

In international trade financing it is the details that count. At ESBANK we thrive on detail. We think that's what gives us the advantage over other banks. We operate on a worldwide basis, and we know the proper channels to use, the right guarantees to accept. We know how to overcome little hitches that may come up, for international trading can be full of pitfalls, if you don't watch out.

Also, to know the local laws is never enough. You have to comprehend the mentality and the many local factors that may affect the outcome of your operations. Because we're operating in a familiar environment we can move fast on your behalf. That is exactly why we are finicky about details, because we are there watching out for you. The faster you get in touch with us, the faster we can watch out for you, too.

**ESBANK**

ESBANK ESKİŞEHİR BANKASI T.A.Ş.  
HEAD OFFICE: Eskişehir, Atatürk Bulvarı, 1. Kat, 06050/ESKİŞEHİR  
Telephone: (1) 140 02 02 - 140 04 02 - 151 27 16 - 148 03 08 - 148 12 07  
Telex: 34 225 esbank tr - 25 281 esbank tr - 25 558 esbank tr

## The leading handknitting yarn spinner

40 years of textile experience made ORMO "The Expert". Natural and synthetic fibres, blends, in hundreds of shades creates the excellence of ORMO collection.

ORMO heat wave has extended as far as America, Europe, Asia and Australia.

**ORMO**

YÜN İPLİK SANAYİ VE TİCARET A.Ş.

İstanbul Caddesi, Mihrişahin Apt. No: 92/94, Kat: 4/5, Daire: 7/9 80090 Gümüşsuyu, İstanbul, Turkey  
Tel: (1) 151 47 30 (5 lines) Telex: (1) 144 68 27 Telex: 24309 ors tr - 23644 orp tr  
Factory Tel: (2561) 2211 (4 lines) Telex: (2561) 2215 Telex: 38489 ormo tr



## BOTAS

BORU HATLARI İLE PETROL TASIMA A.Ş.  
PETROLEUM PIPELINE CORPORATION

BOTAS is at the forefront of modern pipeline technology transporting Middle-Eastern Crudes to the Mediterranean. Being a young but a fast-growing company, BOTAS has been engaged in construction, operation and maintenance of crude, gas and product pipelines; building and operating loading terminals, pumping stations, harbour and auxiliary facilities.

Currently, BOTAS provides services along 1,576 kms of crude line in TURKEY namely "Iraq-Turkish Pipeline" and "Batman-Diğirli Crude Oil Pipeline" including the 441 kms. "Yumurtalik-Kirikale Crude Oil Pipeline", which is to be put into operation very shortly.

Within seven years as an operating company, BOTAS has expanded transportation capacity of the "Iraq-Turkish Pipeline System". Now BOTAS is constructing a second pipeline, paralleling the "Iraq-Turkish Pipeline System" to further increase the capacity. After a construc-

"Whilst we continue transporting Middle-East Crudes to Mediterranean, now we shall connect Europe and Asia with a Natural Gas Pipeline"

tion period of 18 months, and from mid-1987, the total length of the crude lines under BOTAS's property will then reach 2,217 kms.

Today, this young company with twelve years of experience in the field of crude transportation, is ready to repeat its success and to show its ability and expertise acquired, in the field of natural gas pipeline construction and operation. For this purpose, construction of a pipeline for importing the Soviet gas is at the bidding stage and is planned to be completed within 21 months.

A new contribution in the field of natural gas transportation to the national pipeline system will open a new era in TURKEY's economic and political life.

Address: Güneş Sokak, No. 11,  
06690 Çayyavut, Ankara, TURKEY.  
Telephone: 9-41-670150 (13 lines)  
Telex: 426998 BEAT - TR  
Cable: 9-41-282646  
BOTAS-ANKARA-TURKEY.



## Measuring Economic Performance

## Open Economy Shows Growth but Inequalities Increase as Well

This year's first-quarter results indicate that the government's 5% target for the growth rate can be realized.

By Burhan Senatlar

**I**STANBUL — Any discussion of economic or political problems in Turkey today refers to two dates: Jan. 24 and Sept. 12. Radical changes in economic policy initiated on Jan. 24, 1980, and the military intervention on Sept. 12, 1980, have deeply influenced the path of the economy and the daily life of the people.

Where does the economy stand today? Both supporters and opponents of the changes agree that the economy is much more open than in the past, and many businessmen say that the present policy has been more business than any other in the past. However, criticism of the economic policy has increased sharply. Leaving aside the opposition parties, mainly the Social Democrat Populist Party, and the trade unions, even Süleymen Demirel, who was prime minister when the policy was introduced, has joined the critics.

What will be the economy's performance in 1986? The target growth rate of GNP was set at 5 percent. Following a 5.9-percent growth in 1984, the rate fell to 4.9 percent in 1985. The five-year development plan (1985-1989) had set 5.9 percent as the target for 1986, but recent experience has made a revision necessary. This year's first-quarter developments give the impression that the 5-percent target growth rate can be realized. However, this rate is low compared to the 7-percent average rate attained during the first three plan periods from 1963 to 1977.

Because of a sharp increase in population, the growth of per-capita GNP is slightly more than 2 percent. The annual population increase rate for 1980-1985 was estimated at 2.2 percent, but it turned out to be closer to 2.8 percent. (The total population of 1985 was projected at 49.8 million, but the census finding was 51.4 million).

Inflation continues to be a major problem. The inflation target rate for 1986 was set at 25 percent, but it most certainly will be surpassed. The targets for the past two years were 25 percent as well, but the actual figures were approximately double in both years. There are signs, however, that inflation is going down. The rate for the last 12 months (April 1985 to April 1986) was 35 percent and the increase in consumer prices for the first four months of 1986 was about 7 percent. Thus, the inflation rate for 1986 will probably be around 30 percent.

Two recent developments will help pull down inflation — the drastic fall in oil prices and changes in the tax system. So far, the government has chosen not to lower domestic oil prices, which means that it is crushing the benefits. However, even the fact that domestic

prices of petroleum products are stable will decrease inflationary pressure.

Concerning taxes, despite several changes in the tax system since 1980, tax revenues have continued to be insufficient and deficit financing has been the major cause of high inflation. The level of tax revenue to GNP, which had been around 19 percent before 1980, fell to 13 percent in 1984. Changes in the tax laws in December 1985 are expected to increase tax revenue considerably and lessen the need for deficit financing. Figures for the first months of 1986 show that tax revenue has increased.

The direct impact of the fall in oil prices will be on the trade deficit. The export-oriented strategy has indeed increased exports considerably — from \$2.9 billion in 1980 to \$7.96 billion in 1985 — and the contribution of exports to GNP has climbed from 5 percent to 15 percent in the same period.

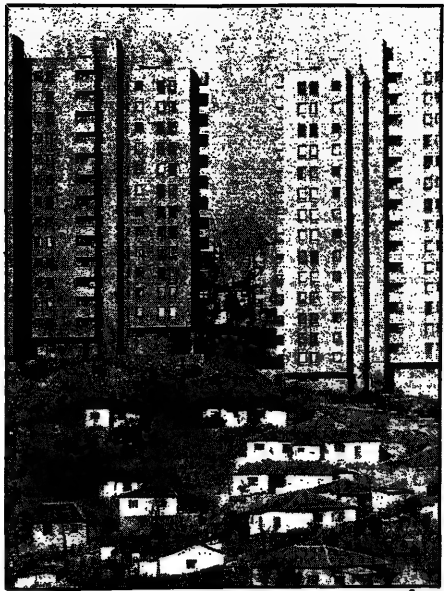
Nevertheless, the large trade deficit continues or, more precisely, it slightly increased from \$3.5 billion in 1983 to \$3.7 billion in 1985. The fall in oil prices is expected to bring a saving of about \$1 billion on the import bill, but it will also have a negative impact on exports because of the drop in income in oil-exporting countries in the Middle East — Iran and Iraq — together purchase one quarter of Turkish exports.

**I**n the first two months of this year, exports increased 8 percent compared with the same period of 1985, but the increase in imports was 24 percent. Net tourism revenue and workers' remittances will help to alleviate the current-account deficit. On the other hand, debt repayment — \$1.8 billion as interest plus \$1.4 billion as principal in 1986 — will continue to put pressure on the balance of payments.

In spite of the increase in exports, foreign debt, too, has risen, from \$15.6 billion at the end of 1979 to \$23 billion in 1985. The portion of foreign debt repayment to GNP has climbed from 4.5 percent in 1982 to more than 7 percent in 1985. The share of short-term debt in total debt has more than doubled in three years, from 12 percent in 1982 to 26 percent in 1985.

From the beginning, the present policy has been inadequate in dealing with unemployment and income distribution. The rate of unemployment and the number of unemployed continued to rise in 1985. The State Planning Organization estimates the total number of jobs at three million (16.7 percent) for 1986.

Income distribution is still highly unequal.



Public housing towers over traditional houses in Ankara.

The last income distribution survey was carried out by the State Planning Organization for 1973 and showed that the lowest 40 percent of the population received 11.5 percent of total income, whereas the top 20 percent received 56.3 percent.

**E**xports agree that inequality has increased because of the economic crisis since 1977 and because of the economic policy introduced in 1980. A recent survey showed that between 1977 and 1984 "agricultural income" had fallen from 29 percent to 20 percent and "non-agricultural wages and salaries" from 37 percent to 22 percent, while "rent, interest, profit" had risen from 34 percent to 58 percent.

Although real wages and salaries have fallen sharply since 1977, workers and public

servants are in a weakened position under the 1982 constitution.

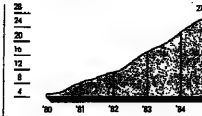
The redistributive effect of taxes and government expenditures is, in general, negative. Extensive incentives for exports and investments aggravate inequalities. Under recent tax changes, earned income is taxed progressively beginning with a rate of 25 percent.

In short, decreasing real incomes and increasing inequalities have affected the lives of the people more than the rise in exports and the general growth in the economy. Thus, many sections of society have begun to feel that an economic improvement for them is connected with a political change.

BURHAN SENATLAR is an associate professor of economics at Istanbul University.

## GNP Soars . . .

(gross national product in billions of Turkish lira)



Source: State Statistics Institute, Undersecretary of Treasury and Foreign Trade

## ... But Inflation Creeps Upward Again

(percentage increase, based on wholesale prices)



## Foreign Companies Hesitant to Invest

Continued from Page 8

see the product-price relationship, then they think of selling abroad. We can produce the same quality at half their cost."

**E**uropean Community and U.S. quotas on Turkish cotton textiles pose a major block, however. Another problem is the limited capacity of the sector, made up of at most 20 modern factories and thousands of small workshops.

The field of tourism has its own wrinkles. Foreign management companies are opening holiday villages along the southern coast, built and owned by Turkish developers, for an exclusively French or German clientele, price local tourists out of the market.

High prices, now equivalent to Italy's, make tourism investments attractive to developers despite the relatively long payback period. Hilton and Sheraton are going ahead with plans to expand to Ankara. A number of international chains have expressed interest in managing luxury hotels in Istanbul, but the city's policy of tendering likely sites to the highest bidder is not winning many adherents.

Hopes are high to bring in foreign capital to finance major infrastructure projects, particularly in energy and transportation, under Turkey's "build, own and operate" policy.

It was a major error to start [the policy] with a nuclear power plant," a lawyer for the government conceded. "The Akkuyu nuclear plant is so far on the back burner it has practically fallen off the stove." Priority is now being given to coastal thermal power plants fired by imported steam coal, each worth over \$1 billion. The shrinking market worldwide for power plants, plus the expected 20-percent compounded annual return, make the projects attractive to foreign bidders, while government debt-service guarantees make the idea more palatable to development banks.

Not everyone is convinced, however. One Turkish businessman said "Frankly, BOOM

is for the birds. No one buys it because no one knows how to go about it."

Defense is another sweet-sounding prospect these days. The newly established Defense Fund, which imposes a 3-percent surcharge on income taxes and takes a portion of the gross income of casinos and lottery, promises to provide ample funds to set up a defense industry. General Dynamics and ITT are studying opportunities to participate in export-oriented projects, as are many Turkish companies.

**T**he country's rich mineral resources are also attracting considerable attention. A new mining law opened fields closed since the 1920s to exploration and exploitation by foreign companies. The big problem, though, according to American officials, is the "inhumane, primitive state of the mines. No Western company wants to risk getting involved in such dangerous conditions."

As for agribusiness, Turkey is a natural. While the government is putting emphasis on export-oriented investments, it is worried that large-scale mechanization could increase rural unemployment.

There is no doubt that the door is open to foreign companies that offer a good project. Red tape at the higher levels of bureaucracy has been all but eliminated, although problems can crop up lower down.

Finding the right local people, partners with the same management mentality and a good lawyer who knows the ropes, can be difficult. Overvalued real estate in Istanbul, the choice of most for headquarters, is another stumbling block. "The prices they are asking for offices and houses are crazy," said Carl-Valgo Oertling, general manager of Tetra Pak. Prices have risen 50 percent in one year in dollar terms.

ANN TABOROFF is a journalist based in Istanbul. She contributes to CBS radio and McGraw Hill publications.

## Hürriyet

GÜNLÜK MUSTAKİL SİYASİ GAZETE



## A GREAT NEWSPAPER

in Turkey and Abroad

For more details: The Advertising Manager  
Hürriyet Gazetesi  
Cağaloğlu - İstanbul / TURKEY  
Phone: (1) 512 00 00 (15 Lines) / Telex: 22 249

National Offices and Printing Facilities also in Adana, Ankara, Erzurum and İzmir.

International Offices: Turkish Publishing and Marketing Inc.  
500 Fifth Avenue, Suite 1021  
New York N.Y. 10110  
U.S.A.  
Phone: (212) 921 8880 or 921 8882  
Telex: 225 649

EGE - Türkische - Zeitungs - und  
Druckerei GmbH  
Admiral Roedeloh - Strasse 3a  
D-6078 Neu-Isenburg 4 F.R. GERMANY  
Phone: (069) 91 70 30 / Telex: 416 536  
(Also Printing Facilities)

Straight Talk  
about Investing  
in Turkey...

The broad facts you may already be aware of. The country's unique geographical location as a bridge between Europe and the Middle East, the lower operation and transportation costs, the plentiful raw material resources and the rapidly increasing domestic market... all offer substantial returns to the investor.

But what you may still need is detailed, accurate information about specific, investment-related topics.

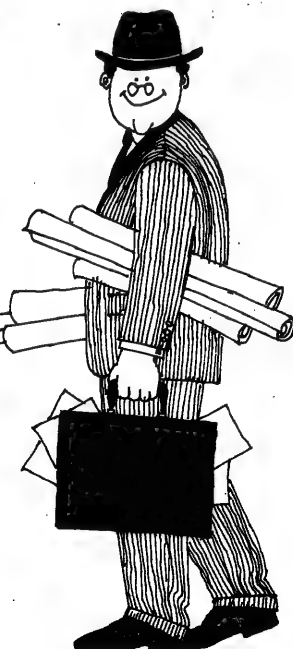
The Istanbul Chamber of Commerce, a 103-year-old, non-profit public organization, which counts among its 100,000 members representatives from every trade and industry, has published a series of free, informative booklets in English of special interest to the foreign investor. In these publications you will learn about:

- The recently-created, centrally responsible Foreign Investment Department which now streamlines the application and approval process
- The US\$ 50 million limit up to which the Foreign Investment Department can approve foreign capital participations on its own initiative
- The opening of all fields to foreign capital with the same incentives offered to domestic firms
- The resolution of the foreign exchange crisis, which means that transfers of earnings are now put through within a period of two months
- The high rates of depreciation on foreign investment as compared with domestic ones; generally 30% per year and up to 60% in less developed areas
- Exemptions and deferments of customs duty on all imports of machinery, plant, equipment and other materials for foreign investment projects.

Also of interest to you may be the Istanbul Chamber of Commerce's bi-annual Economic Report on Turkey. Just send in the coupon.

If you have specific questions or need contacts within the Turkish business community, we are also at your service.

**ICOC**  
Istanbul Chamber of Commerce



To: The Secretary General, (ITO) Istanbul Chamber of Commerce, Eminönü, İstanbul-Türkiye. Tel.: (1) 511 41 50.

I'd like to know more about foreign investment in Turkey. Please send me, free of charge, the publications indicated below:

- ☐ Foreign Capital Regulations
- ☐ Encouragement of Export
- ☐ Labor Laws in Turkey
- ☐ Economic Report
- ☐ Journal of the Istanbul Chamber of Commerce (Quarterly)

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_

## Food for Thought

## Outdated Agriculture Sector Is Slowly Adjusting to a Freer Market

Turkey, one of the few countries that is self-sufficient in food, has been importing foodstuffs in increasing amounts since 1980.

By Mustafa R. Gursel

**I**STANBUL — Agriculture, along with other sectors of the economy, has been given a job by Prime Minister Turgut Ozal's free market policies. While some sectors have adjusted remarkably fast to the new economic conditions, the agricultural sector has been rather slow in coping with its share of the free-market.

Turkey, one of the few countries that is self-sufficient in food, has been importing foodstuffs in increasing amounts since 1980.

"When asked about this, Mr. Ozal said: 'What is more important? If one is a strong agricultural country, one should export more than one imports and the difference should be in your favor. At the same time, it is not economical to produce some of the products. The custom in Turkey was to aim to produce everything ourselves, not only in industry but also in agriculture.'

"I am changing this system and I am saying that we should produce what is more economical for us and not produce what is not economical. If you let free market conditions prevail and allow import and export to operate freely, the market will decide what to produce and what not to."

Although his logic may be sound, the adaptation of the agricultural sector to these new market conditions could take considerable time. Primitive farming methods combined with problems in standardization, storing, packaging and marketing have to be tackled first.

The rise in agricultural imports has been dramatic. Turkey imported only \$50 million worth of agricultural goods in 1980. In 1984, this figure rose to \$417 million and more than doubled to over \$900 million in 1985. The balance was still in Turkey's favor since agricultural exports in 1985 were close to \$2 billion.

The increase in imports was partly due to a bad harvest in 1985. Crop yields were hurt by a very cold winter followed by an exceptionally dry summer.

Another reason for the increase were the policies of the market-minded Ozal government. The government allowed meat and cheese to be imported to counter rising prices of local produce. The plan worked well and prices were stabilized.

However, with the liberalization of imports, supermarkets were soon full of coconuts and soy sauce as well as meat and cheese.

The Union of Agricultural Chambers has strongly criticized the government's decisions. However, the minister of agriculture, Fikret Dogan, has said that "as part of our philosophy of economic liberalization, imports of agricultural goods will continue freely as well."

The farmers have other reasons to complain.

The government has radically changed the state's agricultural policy. For decades, Turkish government's set high prices for farm products and gave substantial subsidies, since this was the traditionally a power base for conservative governments.

However, the monetarist Ozal government, in order



to restrain inflation and stimulate efficiency, removed most of these subsidies and centralized the prices of more than 20 crops. As a result, the farmers are bitter.

Officials see two solutions. Mr. Dogan is giving top priority to the use of new seeds with a higher yield. If these seeds prove successful, he predicts a threefold increase in, for example, wheat output.

"First, we will teach our farmers how to use these seeds, then our exports will increase greatly," he said.

The other solution is the completion of the Atank Dam on the Euphrates as part of the huge Southeastern Anatolian Project. Mr. Dogan said it is hoped that the dam will be completed early in the next decade. At least 1.8 million hectares (4.4 million acres) of land are expected to be opened to agriculture.

These projects should overcome one of the primary problems of Turkish agriculture — irrigation.

Meanwhile, Turkey has a vast agricultural potential. The increase in output for 1985 was estimated at around 2.2 percent despite all these problems. The target under the 1985-1989 five-year plan is an annual increase of 3.6 percent.

Given the annual birth rate of around 2.5 percent, if Turkey is to achieve its export goals in agricultural products, it must increase its agricultural output.

Agriculture, the country's largest single industry, will need sector investments to meet its potential capacity.

MUSTAFA R. GURSEL, a journalist based in Istanbul, helped to coordinate this special report.



Turkey, with vast potential in areas such as Kurdistan (top) increased output 2.2 percent.

## Your Partner in TURKEY

Under its new liberalized economic regime, Turkey is a land of opportunity in many fields. Petroleum sector is one of the fastest-growing and the Turkish Petroleum Corporation, or TPAO, is the vanguard of this movement.

Today, it handles foreign and contributes to the political and economic stability that characterize Turkey in the post-1974 era. In oil sector Turkey is "opening up" in the petroleum sector, perceptive investors realize that new opportunities lie within this group.

Turkey is also a largely unexplored country. Although it is the largest in Europe after the Soviet Union, only about 3,000 wells have been drilled in the past 80 years. The deepest well drilled in Turkey so far is about 5,700 meters (18,700 feet). These statistics speak for themselves. In exploration terms Turkey is still a "New Frontier" for the petroleum industry and its ancillary activities.

Exploration potential, the new Petroleum Law of March 1985 has greatly changed the regime. Consider the following advantages now accorded to the right holders:

1. Thirty-five per cent right of exploration of hydrocarbon produced oil and gas and 45 per cent of hydrocarbons produced oil and gas.
2. The right to keep ownership of the proceeds from above.
3. Right to receive all oil companies, national and foreign, including TPAO.
4. Extended new exploration periods from five to eight years.
5. The right to construct pipelines and related facilities.
6. Streamlined procedures in granting exploration, so that if no owner is interested within a given and shortened time the application is regarded as accepted in law.

A new confidence has been built in Turkey for investments and profits. Turkey is now a country where investment, and

subsequent profits, can be truly maximized.

Furthermore, the role of exchange is guaranteed in oil exploration or investment.

The expansion of the TPAO is based on its success story. Founded in 1964 as a joint stock company, it then had a capital of 150 million Turkish Lira. Today it is a joint company, with a capital of 500 million Lira. It has been listed by Fortune Magazine as 81 in the worldwide list of "The World's Largest Industrial Corporations."

With its expansion, structural changes have been necessary. TPAO now has a group of subsidiaries or associated companies which handle pipe-line transportation, refineries, marketing etc. while it on the parent corporation, concentrates on exploration drilling and production.

Employing a staff of over 4,000, TPAO owns 34 drilling rigs, operates productively from 300 oil wells, and controls millions of acres of exploration-permit territory, in the most promising areas of the country.

Foreign companies are being encouraged to cooperate with TPAO in joint ventures. Several such joint operations are already working successfully while negotiations with other foreign companies are proceeding. Altogether 18 foreign companies were operating in different branches of the petroleum industry last year.

In addition, TPAO is open to joint ventures in regions of exploration, drilling and production in that country.

The picture of confidence and expansion must be seen in the context of Turkey's drive to become a member of the EEC, the whole field of energy. We in TPAO believe that every barrel of oil — no matter who produces it — is a step toward that goal.

If you are interested in exploring for oil in Turkey contact our headquarters in Ankara. Turkish Petroleum Corporation has opportunities for you.



## TURKISH PETROLEUM CORPORATION

P.K. 209, Beşiklik, Ankara-Turkey  
Phones: (90 - 41) 181865, 179160

Telex: (90 - 41) 179160/567  
Telex: 42426, 42604, 42044

## TURKEY &amp; HER NEIGHBOURS

ONE HOME MARKET FOR Penta

- Chemicals, Plastics, Fertilizers
- Home Textiles, Ready-to-wear
- Metals, Iron & Steel Products
- Foodstuffs
- Wood Products
- Barter - Countertrade

Penta Dış Ticaret Ltd.

Head Office:  
Cumhuriyet Caddesi, Kat: 8/2  
Etiler-Beşiklik/İSTANBUL/TURKEY  
Phone: (1) 183 04 10/10 Lines  
Telex: 27 998 penta tr-25522 penta tr.  
Fax: (1) 147 88 45

BRANCH OFFICES & SUBSIDIARIES IN: ANKARA • BAGHDAD • GENEVA • NEW YORK • THE HAGUE • TEHRAN

## Foreign Debt

## IMF Cites Nation as a 'Good Example'

**A**NKARA — Turkey, along with Brazil, Mexico and Argentina, is listed among the top 10 of the world's heaviest borrowers. However, although it owed around \$25 billion by the end of 1985, Turkey does not appear on the "bad list of world credit" any longer.

The International Monetary Fund has called Turkey a "good example," and a foreign banker recently commented that "Turkey has swallowed the bitter medicine and is getting on the right track again."

Since the last debt restructuring in 1980, Turkey has been more consistent in paying back its foreign debts on time. It did not sign a standby agreement with the IMF in 1985 and will not sign one this year.

However, the IMF regularly sends teams to Ankara on fact-finding missions and to advise the government on the economy. Turkish financial authorities point out that, although the economy is open to full scrutiny, the ability of Turkey to stand "on its own feet" increases its creditworthiness in international markets. The country's credit is indeed good, as evident by the fact that it can borrow further.

Ankara is paying its foreign debts without facing any serious financial distress. In 1985 the total debt service was \$3.6 billion and almost the same amount will be repaid in 1986. The central bank's annual report for last year said that "the country had repaid more principal debts in 1985 than it had borrowed medium-term debts."

Indeed, the country paid over \$1.8 billion of principal debts while medium-term debt service increased by \$1.6 billion.

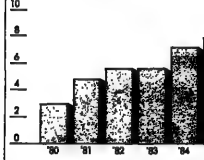
Since Prime Minister Turgut Ozal came to power in 1983, Turkey's balance of payments has shown significant improvement. Mr. Ozal reportedly drew a parallel between military intervention and some balance-of-payments deficits, pointing out that the three military interventions in Turkey, in 1960, 1971 and 1980, took place following serious economic crises. As a result, an improved balance of payments is a major target of his government.

The current-account deficit of \$1.8 billion in 1983 decreased to \$1.5 billion in 1984 and to \$1 billion in 1985. This year, the deficit is estimated to be less than \$400 million.

Thereby he relied in debt servicing as the rescheduled debts will almost finish this year. However, debt released by the central bank show that, although debts are being paid systematically, the overall amount of debt is again

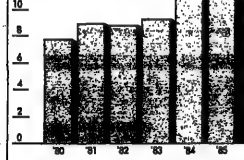
## Exports Almost Triple ...

(in billions of U.S. dollars)



## ... But Imports Grow Steadily

(in billions of U.S. dollars)



Source: State Statistics Institute

## 'Turkey has swallowed the bitter medicine'

rising. In 1983, the debt stood at \$18.8 billion. By the end of 1984, this amount had risen to \$21.2 billion. By the end of 1985, Turkey's total foreign debts were \$25.01 billion.

The central bank is not seriously disturbed by the piling up of foreign debts. In its annual report for 1985, the bank said that, although the medium- and long-term debts had increased by \$1.6 billion in 1985, when the loss in the value of the dollar was taken into account, this amount was even lower than the previous year. The bank noted that the same is true for short-term debts.

Mr. Ozal has said that as the current-account deficit decreases, the country will have to borrow less and less. If the drop in oil prices continues and Turkish exports remain steady, there might be a balanced current account in the near future.

Another reason for the increase in debts has been borrowing by big municipalities for special projects. However, since the beginning of this year, this has also been brought under the control of the central bank and treasury.

To eliminate the need to get loans for big projects, Mr. Ozal is trying to persuade Western agencies to "build,

own and operate" in Turkey. Under this plan, the country will not finance projects but will guarantee buying the resulting products. Such an agreement, although not announced yet, has been reached with the Swiss, who will "build, own and operate" a thermal power plant of 1,200 megawatt capacity near Istanbul.

There are business circles, nevertheless, that are concerned about the growing foreign debt. The Association of Turkish Businessmen and Industrialists, in a recent study, regarded the gradual increase in foreign debts as a serious negative development.

The study noted that the share of foreign debt as part of the gross national product has been increasing. The share, which was 33.2 percent in 1982, went up to 36 percent in 1983, to 43.6 percent in 1984 and to 49 percent in 1985. The report warned that short-term debt within the total debt burden have also been increasing.

It also said that the foreign-currency deposit account of Turks resident in Turkey were not included in the outstanding debt total. This conflicts with the opinion of the central bank, that these accounts are in Turkey rather than a liability.

Although the discussion of debt continues intensifying, the country has become a creditworthy and reliable borrower again in international markets in recent years.

Mustafa R. Gursel



## ANNOUNCEMENT

THE STEWART GROUP, based in London and with offices worldwide have combined with THE ULUSOY GROUP of Istanbul to cover your total requirement in Shipping, Bunkers, Lub-Oil Supply, Salvage, Demolition, and in particular, project transportation.

Information concerning the joint venture and, OUR FREE-PORT FACILITIES AT MERSIN, can be obtained by contacting these offices:

THE STEWART GROUP  
Meridian House, Royal Hill, Greenwich, London SE10 8RW  
Tel: 01-853 4646 Tlx: 886001/888435 Fax: 01-853 5459

THE ULUSOY GROUP  
13 Barbaros Bulvarı Beşiktaş, İstanbul  
Tel: (1) 1617119 Tlx: 20457 Fax: 1589340

## TURKEY MONITOR

A monthly bulletin of business, financial and political developments in Turkey

Write to: PO Box 514, London N15 3LW, Great Britain



Trade ■ Mideast ■ Europe ■ United States

## Exports Up To Islamic Neighbors

Trade has grown dramatically since 1980.

By Dilip Hiro

LONDON — Turkey was a leading participant in the Second Islamic Trade Fair last April in Casablanca, which was attended by 26 countries. Eighty Turkish companies exhibited their wares, ranging from electrical appliances and farm machinery to canned food and industrial machines.

This was one of the several indicators of Turkey's growing economic interest in the Islamic world. Last year, Turkish exports to the Islamic states amounted to \$3.34 billion, more than the \$3.13 billion it exported to the European Community, of which Turkey is an associate member committed to applying for full membership in 1988.

Before the September 1980 military coup, Ankara exports to the Islamic countries totaled only \$400 million. Here, the term "Islamic" means Middle Eastern and, more particularly, Iran, Iraq, Libya and Saudi Arabia, in that order. These four countries account for nearly 95 percent of total Turkish shipments to the Islamic states, which last year amounted to 42 percent of total exports. Imports from these countries came to 32 percent of total imports.

A variety of factors have caused this dramatic change. The military regime encouraged exports through policies of selective allocation of cheap credit, tax rebates on export-oriented output and preferential access to foreign exchange. Because of this, the weak domestic market and the high cost of maintaining inventories due to interest rates of 50 percent to 70 percent, Turkish businessmen made determined bids to capture foreign markets.

In addition, the Western embargo on Iran in April 1980 and the outbreak of the Gulf war five months later helped to boost Turkish exports. The hostilities led to the destruction of the shipping facilities at the two Iraqi ports in the Gulf and generally made the northern Gulf unsafe for merchant shipping. Both combatants were, therefore, obliged to strengthen commercial ties with their neighbor to the north, Turkey, which had declared its neutrality in the conflict.

Iraq and Iran increased their purchases of Turkish processed and manufactured goods. Consequently, bilateral shipments abroad of these products doubled in 1981. The overall value of Turkish exports in 1981 rose by 62 percent, with two-thirds of the increase attributed to Iran, Iraq and Libya.

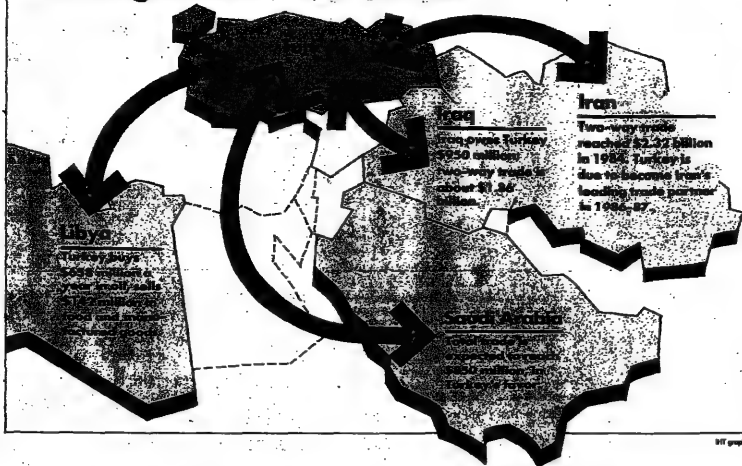
Between 1980 and 1981, Turkish shipments of foodstuffs, textiles, machinery and industrial goods rose from \$271 million to \$748 million. Iran tried to balance the trade by selling oil to Ankara at the rate of 80,000 barrels a day, bringing the two-way counter to \$1.54 billion in 1982.

Two years later, the two-way trade was \$2.32 billion. According to the economic protocol signed by Prime Minister Turgut Ozal during a visit to Tehran in January, Turkey would become Iran's leading trading partner in 1986-1987, ahead of Japan and West Germany.

From Tehran's point of view, the fact that Turkey is a member of the North Atlantic Treaty Organization and has a secular constitution is counterbal-

ance. **DILIP HIRO** is a writer and journalist based in London. His latest book is "Iran Under the Ayatollahs" (Harper & Regan Paul, London and New York).

## Growing Islamic Trade Routes



anced by other considerations. Huseini Shakhbolsian, Iran's deputy foreign minister, said, "Turkey is our neighbor, a Third World country and its people are Moslem."

Turkey's trade with Iraq follows the same pattern as that with Iran. It sells Iraq processed and manufactured goods and machinery and buys oil. The 900-mile (1,448-kilometer) oil pipeline from Kirkuk in Iraq to the Turkish port of Yumurtalik is an important way for Baghdad to earn foreign exchange and remain solvent. Ankara is, therefore, committed to keeping this pipeline in operation as Baghdad.

However, trade between Ankara and Baghdad peaked at \$2.03 billion in 1982 and since then has fluctuated at around \$1.86 billion. Iraq is in financial difficulty and owes Turkey \$950 million. During Mr.

Ozal's visit to Baghdad in March, President Saddam Hussein asked for an extension of a year to pay the Iraqi debt, but he was turned down.

More than a hundred Turkish construction companies, some of them large consortia, are active in the Middle East, mainly in Libya and Saudi Arabia. There are 30,000 Turkish workers employed in Libya, and their remittances are a welcome item in Turkey's foreign-exchange account.

Turkey ships the same items to Tripoli as it does to Baghdad or Tehran. But since the Libyan population is only about 3 million, such shipments amounted to only \$142 million in 1984. In contrast, Turkey's purchase of Libyan oil came to \$658 million.

Turkey had a favorable trade balance of \$163 million with Saudi Arabia. The economic agreement signed by Mr. Ozal in Riyadh last year envisioned two-way trade of \$850 million with the balance being in Turkey's favor.

There has been a big jump in the number of Saudi tourists to Turkey. The 1980 figure of around 19,600 more than tripled last year. These Saudis and other Arabs who do not like, or cannot afford, a vacation in Europe are now flocking to Istanbul, where they are welcomed.

Undoubtedly, such perceptions have played, and continue to play, a significant role in accelerating Turkey's integration into the economies of the leading Middle East countries.

## EC Negotiations Enter Critical Phase

By Steven J. Dryden

**B**RUSSELS — The process of normalizing relations between the European Community and Turkey, which began last in 1985, is now entering a critical stage.

Following the decision in December by three EC nations, Denmark, the Netherlands and France, to drop their complaint against Turkey in the European Human Rights Commission, the EC Council of Ministers endorsed a gradual return to normalized relations. The move was seen as recognition of the progress made by Ankara in restoring political freedom since the 1980 military coup, which resulted in the EC decision to freeze relations with Turkey.

In April, EC-Turkish relations were eased further by the settlement of a long-standing dispute over the level of Turkish textile exports to the community. Turkey hopes that the Turkish-EC Association Council, which includes community foreign ministers, can meet in October to formally reopen relations. At that time, 600 million European Currency Units (\$364 million) in EC financial aid for Turkey, which has been blocked since 1981, will be freed.

Turkey sees the revival of its association agreement with the EC as an important step toward presenting an application for EC membership.

But before the agreement can be brought back into force, solutions must be found to the objections of Greece, which was not a community member when the agreement was made in 1963.

**Turkey sees the revival of its association agreement as an important step.**

The EC commissioner in charge of relations with Turkey, Claude Cheysson, who visited Greece in May, will go to Ankara in late June to see if there is any flexibility in the Turkish position.

Besides the bilateral difficulties with Greece, there are several problems between Turkey and the full community that must be resolved this year.

One of the most pressing issues is the meaning of the clause in the association agreement dealing with the movement of Turkish workers within the community as of December 1986.

Turkey interprets the clause as allowing complete freedom of movement for its workers. The commission believes the clause is not that explicit and maintains that the current high rate of unemployment

in the community makes it difficult for member states to grant such freedom.

In particular, West Germany, which has a Turkish population of 1.5 million, is known to want controls kept on Turkish immigration.

The commission has proposed that the rights of Turkish workers already living in the EC be improved but says it cannot recommend complete freedom of movement for these workers at this point since controls on workers from Spain and Portugal, the two new member states, will be maintained until 1992.

Another factor in the improvement of EC-Turkish relations is the political situation inside Turkey. EC member states have said that, as the normalization process develops, they want to see continued progress by Turkey toward the full restoration of political freedoms.

Turkish diplomats have said their country may submit an application for EC membership within two years, or sooner, if the association agreement is unblocked this year.

Most member states are uncomfortable with the idea, in part because of the current financial burdens of the EC and the trials of adjusting to the entry of Spain and Portugal. Their only consolation is that Turkey envisions a 15- to 20-year period of negotiations and transition before full membership.

**STEVEN J. DRYDEN** writes for the International Herald Tribune and The Washington Post from Brussels.

## Renewed Accord On U.S. Bases Tied To Textile Quotas

By John M. Goshko

**W**ASHINGTON — Secretary of State George P. Shultz got an unpleasant surprise during his visit to Ankara in March, when he had lunch with the leading Turkish business association and heard his host, Saitip Sabanci, make a blunt plea for Turkey to be given greater access to the U.S. textile and steel-pipe markets.

"Do you have a word in your language called 'sandbag'?" an unnamed Mr. Shultz replied. "I was brought here to have a nice lunch and instead get hit behind the ear."

Mr. Shultz noted that in negotiations earlier this year, the United States offered to increase Turkey's textile quota from \$120 million last year to \$130 million—a doubling of its share of the U.S. market from 1 percent to 2 percent.

"That's the reality, and there's no point in bringing me here and beating me over the head with it," he told the businessmen in response to Prime Minister Turgut Ozal's call for increasing the textile quota to \$400 million.

While officials on both sides insisted that the exchange was not a sign of chafiness in the recently warmed U.S.-Turkish relationship, Mr. Shultz left Ankara on notice that Mr. Ozal intends to link renewal of an agreement on 15 U.S. military bases in Turkey to increased sales of textiles and other exports to the United States.

Although Turkey's foreign-assistance level of just under \$1 billion makes it the third largest recipient of U.S. military and economic aid after Israel and Egypt, the Ozal government has been increasingly vocal in demanding more U.S. help for Turkey's financial problems. However, Turkish hopes for more aid have been frustrated by the Reagan administration's pursuit of greater budgetary restraints and Congress's insistence on adhering to a formula that gives Greece \$7 in military assistance for every \$10 allotted to Turkey.

What caused Mr. Ozal to change tactics and link removal of the bases agreement to improved trade? Last October, he said he wanted Turkey's exports to the United States to rise from their 1984 level of \$433 million to \$3 billion. He underscored that with by saying: "I'll give them bases, I want an increase in trade in return."

"It is not unusual for foreign officials to raise the textile quota and try to get the United States on the spot," said L.M. Destler, a senior fellow specializing in the public policy aspects of trade at the Institute for International Economics in Washington. "It is unusual, though, to link it publicly to security concerns."

Mr. Ozal is betting that he can pursue this strategy successfully because the U.S. government believes that his conservative economic policies offer the best hope of curbing the debt and inflation problems that have caused unrest in Turkey. In addition, the possibility that leftist Prime Minister Andreus Papandreu of Greece might force the closure of American bases there by the end of the decade has made maintenance of the Turkish bases even more important to U.S. strategic interests in the Mediterranean.

Turkey traditionally has been a minor market for U.S. exports and an even smaller source of exports to the United States. In 1985, Turkey was the 32d largest export market for the United States; its sales to the United States, almost one-third of its tobacco, put it in 51st place among American suppliers.

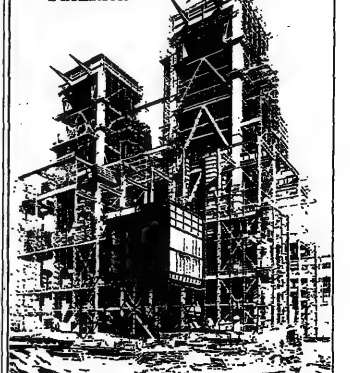
The trade that does exist is heavily in the U.S. favor, with the United States shipping up a record \$785-million surplus in 1984 and \$640 million last year.

Mr. Ozal's hopes of narrowing the gap center largely on increasing Turkish sales of steel products and, more importantly, textiles. However, U.S. officials appear to believe that, in the end, Turkey's continued tensions with Greece and hostility toward its northern neighbor, the Soviet Union, will prevent Mr. Ozal from any moves that might weaken his ties to the United States.

**JOHN M. GOSHSKO** is a Washington-based diplomatic reporter for The Washington Post.

**GAMA**  
ENDÜSTRİ TESİSLERİ  
İMALAT VE MONTAJ A.Ş.

Enjoys the pride of having participated in the development of Modern Turkey by performing construction, erection and fabrication services in over 60 Industrial Facilities.



Industrial Plants Fabrication and Erection  
Contractors for Turn-Key Industrial Plants  
Power Stations, Pipe Lines  
Civil Construction, Mechanical, Electrical  
Instrumentation Installations  
Modern Fabrication Facilities for Water - Tube - Boilers with Babcock and Wilcox USA License  
Belt Conveyors - Steel Construction

Atatürk Bulvarı 229, Kavalaçdere Ankara - Turkey  
Phone: 286110 (10 lines) Telex: 42 434 GAMA-TR  
43290 GMA5-TR

## WORLDWIDE BUSINESS COMMUNICATION REQUIRES TECHNOLOGY

Communication satellites mean you can send your message to people on the other side of the world in true measure of scientific achievement and advancement in high technology.

WITH TURKEY REQUIRES TECHNOLOGY. Bankers who work with select correspondent banks. Our objective is personalized and fully professional service.

Trade Finance bank. TEB's range of activities include trade finance and related banking services. Our knowledge and experience

of Turkey's industrial and commercial sectors. Short lines of communication, a lean overhead structure and flexibility allow TEB to operate efficiently and TEB is dedicated to give a prompt and reliable service.

In its approach, TEB is determined to remain loyal to traditional banking values, whilst at the same time, being progressive and innovative. So for more information about banking in Turkey communicate with us.

**Trade Finance requires TEBnology**

General Management and International Division İstiklal Caddesi 284 Odakule Kat: 13 Beyoğlu-İstanbul  
Telephone: (1) 151 2121 Fax: 1496568 Cable: TEBGENEL - İstanbul Telex: 25851 TEB-B







# International Bond Prices

Ant	Security	% Mat	High	Low	Yield	Net
			Price	Price	Rate	Price
(Continued)						
NETHERLANDS						
100	100	100	100	100	100	100
NEW ZEALAND						
100	100	100	100	100	100	100
NORWAY						
100	100	100	100	100	100	100
PORTUGAL						
100	100	100	100	100	100	100
SOUTH AFRICA						
100	100	100	100	100	100	100
SOUTH AMERICA						
100	100	100	100	100	100	100
SPAIN						
100	100	100	100	100	100	100
SWEDEN						
100	100	100	100	100	100	100
SWITZERLAND						
100	100	100	100	100	100	100
UNITED KINGDOM						
100	100	100	100	100	100	100
UNITED STATES AMERICA						
100	100	100	100	100	100	100
CANADIAN DOLLARS						
100	100	100	100	100	100	100
EURO CURRENCY UNITS						
100	100	100	100	100	100	100
FRENCH FRANCS						
100	100	100	100	100	100	100
JAPANESE YEN (EURO)						
100	100	100	100	100	100	100
NORWAY KRONERS						
100	100	100	100	100	100	100
POUNDS STERLING						
100	100	100	100	100	100	100

## NASDAQ National List

OTC consolidated trading for week ending Friday

Symbol	100	High	Low	Last	Chg	Net
A						
100	100	100	100	100	100	100
B						
100	100	100	100	100	100	100
C						
100	100	100	100	100	100	100
D						
100	100	100	100	100	100	100
E						
100	100	100	100	100	100	100
F						
100	100	100	100	100	100	100
G						
100	100	100	100	100	100	100
H						
100	100	100	100	100	100	100
I						
100	100	100	100	100	100	100
J						
100	100	100	100	100	100	100
K						
100	100	100	100	100	100	100
L						
100	100	100	100	100	100	100
M						
100	100	100	100	100	100	100
N						
100	100	100	100	100	100	100
O						
100	100	100	100	100	100	100
P						
100	100	100	100	100	100	100
Q						
100	100	100	100	100	100	100
R						
100	100	100	100	100	100	100
S						
100	100	100	100	100	100	100
T						
100	100	100	100	100	100	100
U						
100	100	100	100	100	100	100
V						
100	100	100	100	100	100	100
W						
100	100	100	100	100	100	100
X						
100	100	100	100	100	100	100
Y						
100	100	100	100	100	100	100
Z						
100	100	100	100	100	100	100

Ant	Security	% Mat	High	Low	Yield	Net
			Price	Price	Rate	Price
UNITED STATES AMERICA						
100	100	100	100	100	100	100
CANADIAN DOLLARS						
100	100	100	100	100	100	100
EURO CURRENCY UNITS						
100	100	100	100	100	100	100
FRENCH FRANCS						
100	100	100	100	100	100	100
JAPANESE YEN (EURO)						
100	100	100	100	100	100	100
NORWAY KRONERS						
100	100	100	100	100	100	100
POUNDS STERLING						
100	100	100	100	100	100	100

## CONVERTIBLE BONDS

Ant	Security	% Mat	High	Low	Yield	Net
			Price	Price	Rate	Price
EUROPE						
100	100	100	100	100	100	100
MISCELLANEOUS						
100	100	100	100	100	100	100
UNITED STATES AMERICA						
100	100	100	100	100	100	100
HIGHEST CURRENT YIELDS						
On convertibles having a conversion premium of less than 10%.						
100	100	100	100	100	100	100
Explanation of Symbols						
100	100	100	100	100	100	100

**Seize the world.**  
The International Herald Tribune. Bringing the World's Most Important News to the World's Most Important Audience.



WARRANTS						
Solomon	0.25	3 mos	—	\$14	—	Call warrants exercisable at 101½ into U.S. Treasury's 7½% bonds due 1996. Warrants may be exercised in 3-month periods until May 1994, for \$10 each time.

## Amsterdam

## Frankfurt

## Hong Kong

dex closed Friday  
on the week, at 1

**Milan**

market had been vulnerable a

**Singapore**  
SINGAPORE

United Press International  
NEW YORK Read prices for

## U.S. CREDIT MARKETS

Five-year notes auctioned Wednesday brought an average yield of

### U.S. Consumer Rates

**Tax Exempt Bonds**  
Bond Buyer 20-Bond Index \_\_\_\_\_ 7.70 %

The Associated Press

**ACCOR**

The Annual Meeting of Accor shareholders approved the Group's 1985 financial statements. Net earnings for the year, excluding exceptional items

\_\_\_\_\_

\_\_\_\_\_

(Continued from first finance page) that could only be tackled through

1. *Journal of the American Medical Association*, 1997; 277: 1033-1037.

OTC Consolidated trading for week ended Friday.

OTC Consolidated trading for week ended Friday.

THE UNIVERSITY OF CHICAGO PRESS  
50 EAST LEXINGTON AVENUE  
NEW YORK, N.Y. 10017  
212 850 6000  
FAX 212 850 6001  
WWW.CHICAGO.PRESS.EDU

Figures as of close of trading Friday.

[illegible]

## Figures as at close of trading Friday

[illegible]



# NASDAQ National Market

OTC Consolidated trading for week ended Friday

Sales in 1000 Shares	High	Low	Close	Net Change
100	100	100	100	0
200	200	200	200	0
300	300	300	300	0
400	400	400	400	0
500	500	500	500	0
600	600	600	600	0
700	700	700	700	0
800	800	800	800	0
900	900	900	900	0
1000	1000	1000	1000	0
1100	1100	1100	1100	0
1200	1200	1200	1200	0
1300	1300	1300	1300	0
1400	1400	1400	1400	0
1500	1500	1500	1500	0
1600	1600	1600	1600	0
1700	1700	1700	1700	0
1800	1800	1800	1800	0
1900	1900	1900	1900	0
2000	2000	2000	2000	0
2100	2100	2100	2100	0
2200	2200	2200	2200	0
2300	2300	2300	2300	0
2400	2400	2400	2400	0
2500	2500	2500	2500	0
2600	2600	2600	2600	0
2700	2700	2700	2700	0
2800	2800	2800	2800	0
2900	2900	2900	2900	0
3000	3000	3000	3000	0
3100	3100	3100	3100	0
3200	3200	3200	3200	0
3300	3300	3300	3300	0
3400	3400	3400	3400	0
3500	3500	3500	3500	0
3600	3600	3600	3600	0
3700	3700	3700	3700	0
3800	3800	3800	3800	0
3900	3900	3900	3900	0
4000	4000	4000	4000	0
4100	4100	4100	4100	0
4200	4200	4200	4200	0
4300	4300	4300	4300	0
4400	4400	4400	4400	0
4500	4500	4500	4500	0
4600	4600	4600	4600	0
4700	4700	4700	4700	0
4800	4800	4800	4800	0
4900	4900	4900	4900	0
5000	5000	5000	5000	0
5100	5100	5100	5100	0
5200	5200	5200	5200	0
5300	5300	5300	5300	0
5400	5400	5400	5400	0
5500	5500	5500	5500	0
5600	5600	5600	5600	0
5700	5700	5700	5700	0
5800	5800	5800	5800	0
5900	5900	5900	5900	0
6000	6000	6000	6000	0
6100	6100	6100	6100	0
6200	6200	6200	6200	0
6300	6300	6300	6300	0
6400	6400	6400	6400	0
6500	6500	6500	6500	0
6600	6600	6600	6600	0
6700	6700	6700	6700	0
6800	6800	6800	6800	0
6900	6900	6900	6900	0
7000	7000	7000	7000	0
7100	7100	7100	7100	0
7200	7200	7200	7200	0
7300	7300	7300	7300	0
7400	7400	7400	7400	0
7500	7500	7500	7500	0
7600	7600	7600	7600	0
7700	7700	7700	7700	0
7800	7800	7800	7800	0
7900	7900	7900	7900	0
8000	8000	8000	8000	0
8100	8100	8100	8100	0
8200	8200	8200	8200	0
8300	8300	8300	8300	0
8400	8400	8400	8400	0
8500	8500	8500	8500	0
8600	8600	8600	8600	0
8700	8700	8700	8700	0
8800	8800	8800	8800	0
8900	8900	8900	8900	0
9000	9000	9000	9000	0
9100	9100	9100	9100	0
9200	9200	9200	9200	0
9300	9300	9300	9300	0
9400	9400	9400	9400	0
9500	9500	9500	9500	0
9600	9600	9600	9600	0
9700	9700	9700	9700	0
9800	9800	9800	9800	0
9900	9900	9900	9900	0
10000	10000	10000	10000	0

Sales in 1000 Shares	High	Low	Close	Net Change
100	100	100	100	0
200	200	200	200	0
300	300	300	300	0
400	400	400	400	0
500	500	500	500	0
600	600	600	600	0
700	700	700	700	0
800	800	800	800	0
900	900	900	900	0
1000	1000	1000	1000	0
1100	1100	1100	1100	0
1200	1200	1200	1200	0
1300	1300	1300	1300	0
1400	1400	1400	1400	0
1500	1500	1500	1500	0
1600	1600	1600	1600	0
1700	1700	1700	1700	0
1800	1800	1800	1800	0
1900	1900	1900	1900	0
2000	2000	2000	2000	0
2100	2100	2100	2100	0
2200	2200	2200	2200	0
2300	2300	2300	2300	0
2400	2400	2400	2400	0
2500	2500	2500	2500	0
2600	2600	2600	2600	0
2700	2700	2700	2700	0
2800	2800	2800	2800	0
2900	2900	2900	2900	0
3000	3000	3000	3000	0
3100	3100	3100	3100	0
3200	3200	3200	3200	0
3300	3300	3300	3300	0
3400	3400	3400	3400	0
3500	3500	3500	3500	0
3600	3600	3600	3600	0
3700	3700	3700	3700	0
3800	3800	3800	3800	0
3900	3900	3900	3900	0
4000	4000	4000	4000	0
4100	4100	4100	4100	0
4200	4200	4200	4200	0
4300	4300	4300	4300	0
4400	4400	4400	4400	0
4500	4500	4500	4500	0
4600	4600	4600	4600	0
4700	4700	4700	4700	0
4800	4800	4800	4800	0
4900	4900	4900	4900	0
5000	5000	5000	5000	0
5100	5100	5100	5100	0
5200	5200	5200	5200	0
5300	5300	5300	5300	0
5400	5400	5400	5400	0
5500	5500	5500	5500	0
5600	5600	5600	5600	0
5700	5700	5700	5700	0
5800	5800	5800	5800	0
5900	5900	5900	5900	0
6000	6000	6000	6000	0
6100	6100	6100	6100	0
6200	6200	6200	6200	0
6300	6300	6300	6300	0
6400	6400	6400	6400	0
6500	6500	6500	6500	0
6600	6600	6600	6600	0
6700	6700	6700	6700	0
6800	6800	6800	6800	0
6900	6900	6900	6900	0
7000	7000	7000	7000	0
7100	7100	7100	7100	0
7200	7200	7200	7200	0
7300	7300	7300	7300	0
7400	7400	7400	7400	0
7500	7500	7500	7500	0
7600	7600	7600	7600	0
7700	7700	7700	7700	0
7800	7800	7800	7800	0
7900	7900	7900	7900	0
8000	8000	8000	8000	0
8100	8100	8100	8100	0
8200	8200	8200	8200	0
8300	8300	8300	8300	0
8400	8400	8400	8400	0
8500	8500	8500	8500	0
8600	8600	8600	8600	0
8700	8700	8700	8700	0
8800	8800	8800	8800	0
8900	8900	8900	8900	0
9000	9000	9000	9000	0
9100	9100	9100	9100	0
9200	9200	9200	9200	0
9300	9300	9300	9300	0
9400	9400	9400	9400	0
9500	9500	9500	9500	0
9600	9600	9600	9600	0
9700	9700	9700	9700	0
9800	9800	9800	9800	0
9900	9900	9900	9900	0
10000	10000	10000	10000	0

## EUROPEAN COMMUNITY

### EC Sets Trade Proposal for Romania

By Steven J. Dryden  
International Herald Tribune

BRUSSELS — The European Community Commission has moved out a trade proposal for Romania, the first under a new trade understanding between the EC and the Soviet bloc, and a proposal for a second Eastern European country is expected within several weeks.

The commission submitted the draft to the EC Council of Ministers last week. It was the first proposal made under the EC's agreement with Comecon, the East-West trade organization, for mutual recognition and country-to-country trade accords.

The draft plan was made in East Germany and the Soviet Union agreed their willingness to conclude bilateral accords. The commission has now received positive replies from East Germany's East European members.

The Soviet reply was seen as particularly significant since Moscow has never formally recognized the EC since its founding in 1957. EC diplomats and the Soviet Union were consistent with efforts by Mikhail S. Gorbachev, the Soviet leader, to improve relations with Western Europe.

In the past, closer trade links between the EC and East Europe have been hampered by Comecon's insistence that it negotiate a trade accord on a multilateral basis. The EC does not recognize Comecon's authority to negotiate trade agreements.

The commission sources would not say which Eastern European country the next proposal would cover. But they said that trade accords could be negotiated for some countries on the basis of contacts already made, while further talks were necessary with other nations.

The Romanian proposal covers agricultural products and tourism as well as existing trade agreements. It also provides for the exchange of statistical information.

### Britain Is Criticized

#### On Move to Out Official

The British government is coming under criticism for its apparent attempt to replace the head of the commission office in London.

Labor Party members of the European Parliament have charged that the British government will flood commission personnel procedures by arranging for the replacement of George Scott, the current head of the office.

Mr. Scott's job was advertised internally at the commission several months ago, but the post was probably given to John Drew, a former diplomat who is a business consultant on European affairs, commission sources said.

Mr. Drew is said to be the favorite of the British government and

Lord Cockfield, one of the two British EC commissioners. The government is said to believe that Mr. Scott, who was appointed in 1979, is being removed when directors of commission offices in other capitals have been in these positions for a decade or longer.

The commission has said it is normal for EC personnel to be rotated within the bureaucracy.

### New Standards Are Set

#### On Radioactivity in Food

The community has agreed on standards for permissible levels of radioactivity in food to replace the ban on agricultural imports from Chernobyl nuclear accident.

The ban had been attacked as a political move by the East bloc, which said it was not justified by scientific evidence.

The new standards, which conform to those of the United States, came into force Saturday after several days of debate. They deal exclusively with food safety of origin, which is considered the most dangerous element because of its long radioactive half-life.

The standards adopted were

stricter than those sought by France, which was reported to believe that the limits could provide unnecessary public fears about nuclear power.

### Commissioner Warns

#### Italy on Wine Production

Carlo Ripa di Meana, the EC commissioner for culture, said in a letter published last week that five million hectoliters (162 million gallons) of Italian wine produced every year are made with artificial ingredients.

The surprisingly blunt letter from Mr. Ripa di Meana, who is Italian, to Prime Minister Bettino Craxi, urged the Italian leader to tighten controls on wine production.

Mr. Ripa di Meana said the recent deaths caused by Italian wine tainted with methanol was "only the logical and inevitable outcome of an 'inadequate' system for monitoring the 70 million hectoliters of wine produced annually in Italy.

If Italy does not impose stricter regulations, the community might be forced to take action to tighten controls, he said.

He offered no source for his claim on the volume of artificial Italian wine. A commission spokesman said the number was "Mr. Ripa di Meana's own," not that of the commission.

### Trade Ministers Concerned

#### Over Growing Protectionism

APRIL 1986 — Trade ministers from 14 countries expressed concern over growing protectionism around the world at a meeting that ended here Sunday, South Korea's trade and industry minister, Kim Jun-Ho, said.

The three-day informal meeting was to study ways and means to facilitate the preparatory process for a new round of Multilateral Trade Negotiations.

Mr. Kim, who chaired the meeting, said the participants expressed deep concern over protectionism. They also noted that the current drift of trade policies in the direction of sectoralism was "severely weakening and eroding confidence" in the multilateral trading system.

"Out of this concern, there arose a unanimity of views that the ministers should support the ministerial meeting to be held in Punta del Este, Uruguay, in September to promote the successful launching of the new round," Mr. Kim said.

The Seoul meeting also discussed such issues as trade in agricultural

SPORTS

SPORTS BRIEFS

Bulgarian Woman Sets High Jump Record

VIENNA (AP) — Stefka Kostadinova of Bulgaria broke the world record in the women's high jump by clearing 6 feet, 10 1/2 inches (2.08 meters) at a track and field meet Saturday in Sofia, the Austria Press Agency reported.

Six days earlier, the 21-year-old had equaled the world mark of 6-9 1/2, set in 1984 by Bulgarian Ludmila Andonova.

Bell, Stuck and Holbert Win Le Mans Race

LE MANS, France (Combined Dispatches) — A factory Porsche 962C driven by Rikard Bell, West German Hans Stuck and American Al Holbert won the 24th Le Mans 24-hour racing classic Sunday. The winning car covered 368 laps and averaged 128 mph (207 km/h). A private Porsche 962 driven by Argentine Oscar Larrosa, Spanish Juan Pablo and Frenchman Joel Gouhier finished second.

The race was marred by the death of Austrian driver Jo Gartner, whose Porsche crashed early Sunday morning, rolled and burst into flames. Gartner, 32, was the first driver killed in the event since 1981.

On Saturday night, Michael Wyler, 32, died and co-driver Marc Surer was critically injured in a crash at an auto rally at Kirchheim, West Germany. Surer, 35, of Switzerland, remained hospitalized Sunday with second-degree burns and broken bones.

Argentina Defeats France in Rugby, 15-13

BUENOS AIRES (AP) — Argentina's national rugby team rallied in the second half on a try by Ernesto Ure and Hugo Porta's two converted penalties to edge France, 15-13, in a rugby test match here Saturday. It was the Argentines' second victory over a French team in 18 encounters.

Guy Laporte kicked three penalties and Eric Bonavent registered a try for France. Portia converted a first-half penalty.

Mize Leads Reid by 1 in Kemper Open Golf

BETHESDA, Maryland (AP) — Larry Mize shot a 2-under-par 70 here Saturday for a one-stroke lead over Mike Reid after three rounds of the Kemper Open golf tournament.

Two shots behind Reid, who had a 71, were Greg Norman (a 70), Mike McCullough (69), Curtis Strange (70) and Dan Forsman (72). A 70 on Friday had given Charlie Bolling a midpoint lead of one stroke over four players, including Mize and Reid, but on Saturday Bolling ballooned to 77/74.

Quotable

USC football coach George Raveling, on Bob Knight, his counterpart at Indiana: "I've told Bobby that if I ever need a heart transplant I want his heart because it's never been used." (LAT)

Manager Dick Williams of Seattle, on the state of things in the American League: "Every player playing in the American League when I left 11 years ago is either a coach, a manager or a member of the California Angels." (LAT)

French, Swedish Hopes Dimmed at Open

Compiled by Our Staff From Dispatches

PARIS — Argentine veteran Guillermo Vilas outlasted young Czech clay-court star Petr Korda, 6-2, 3-6, 4-6, 6-1, 8-6, Sunday to almost extinguish French hopes in the French Open tennis championships.

Earlier in the day, fourth-seeded

Yannick Noah, who in 1983 became the first Frenchman in 37 years to win the world's most prestigious clay-court title, withdrew from the tournament with an injured ankle. That left No. 8 Henri Leconte as the only Frenchman still in the hunt for the men's singles title.

Swedish prospects were scarcely brighter. On Saturday, the No. 2 seed and defending champion, Mats Wilander, was ousted by Andrei Chesnokov of the Soviet Union, 6-2, 6-3, 6-2. Then left Sweden's hopes, so high when the tournament began, resting with a single longest.

Wilander, one of four Swedes seeded among the top seven was proceeded out of the year's first grand-slam tournament by No. 5 Stefan Edberg, No. 6 Joakim Nyström and No. 7 Anders Jarryd. With Wilander and Ulf Stenlund (eliminated by Konradin Andronescu on Sunday) gone, only Michael Panfili is left.

Chesnokov offered an excuse for Wilander: "He had a tough (second-round) match against Aaron Krickstein and I think he was tired," Chesnokov said. "I saw three sets of that match, I figured out how to play against Wilander. Krickstein had the advantage over him so often, but didn't finish it off, and I knew that would be the key. I had to put him under pressure."

And that the 20-year-old did. "I just couldn't do anything," Wilander said. "I felt good. He just seemed to be striding everywhere that I put the ball. The court seemed small — he was always there waiting for me."

Three weeks ago, after a tournament in New York, Noah aggravated an injury to the tendon of his left ankle when he dropped a suitcase. He was unable to play for a week.

On the next day in Rome he

FRENCH OPEN TENNIS

underwent laser treatment, causing a second-degree burn. The "first skin is gone and the second skin is falling off," Noah said Sunday. "The tendon is exposed and I can't risk having a bad infection. If it wasn't the French Open, I wouldn't have played at all."

The victory by Vilas, who won the French Open nine years ago, moved the 33-year-old into the quarterfinals along with Gonzalez and American John Kriek, to whom Vilas defaulted.

Elsewhere on Sunday, Ivan Lendl and Martina Navratilova confirmed their top seedings with straight-sets fourth-round victories. Lendl defeated West German Daniel Kerec, 6-1, 6-2, 6-4. Navratilova breezed past Italian Laura Garrone, 6-1, 6-4, to enter the quarterfinals.

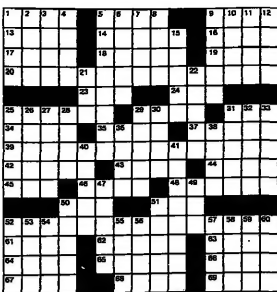
In other fourth-round women's play, No. 6 Helena Sukova of Czechoslovakia beat Bulgarian Katerina Maleseva, 3-6, 6-4, 6-1, and American Kathy Rinaldi, the No. 7 seed, moved into the quarterfinals.

When No. 12 Catarina Lindqvist became ill from food poisoning and had to retire after the first set, she was replaced by the 17-year-old Swedish Gabriela Sabatini of Argentina, 1-6, 6-3, 6-3.

No. 5 Hana Mandlikova of Czechoslovakia and No. 11 Carling Beudene of Canada, Grand Slam champion Pam Caste, 6-1, 6-3; Mandlikova defeated Peru's Laura Gildemeister, 6-1, 6-3; and Bassett eliminated the Mexican Paz of Argentina, 6-4, 2-6, 6-0.



Andrei Chesnokov



ACROSS  
1 Place to dock  
5 Search  
9 Ump's call  
10 Aunt  
14 Odalisque's residence  
15 Milky gem  
17 Short distance  
18 Pain: Comb. form  
19 Camera part  
20 Game lovers' play  
21 Saturn's wife  
24 Houseman's "A" Shropshire  
25 Sandwich sausage  
26 Carrel in the news  
31 Actress  
32 Remick  
34 Mine entrance  
35 River to the Seine  
37 Milton's "Lycidas," a  
38 Cabin-Van  
39 Heusen hit: US\$  
42 Staffordshire  
43 Huron  
44 River, for one  
45 Eternally  
46 Urge  
47 Sign  
48 Church  
49 V.I.P.'s  
50 Blackbird  
51 Pi precursor  
52 S.W.A.K.  
53 Separate  
62 Fortner  
63 Japanese elder  
64 Short follower  
65 Sin  
66 Set of yore  
67 Arcato or Cantor  
68 Wan  
69 Unemployed  
70 German song  
71 Make amends  
72 Placidos  
73 Like a squid  
74 DOWN  
1 Word on a door  
2 Proposition  
3 Paradise  
4 Balter  
5 Gode Autry's horse  
6 Angels  
7 Rushed  
8 Toppicks  
9 Jason's ship  
10 Check  
11 Kind of  
12 Geometry  
13 Copied  
14 Diller's spouse  
15 Otherwise  
16 Striver's  
17 "Dere"  
18 Kipper  
19 Snake or car  
20 Like pretzels  
21 Weaver's read

© New York Times, edited by Eugene Melnick

DENNIS THE MENACE



"I GUESS I ALWAYS SHOW UP WHEN YOU'RE EATING BECAUSE YOU'RE ALWAYS EATING."

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

Now I'm really hungry

ANSPY

ROPAN

TIBESC

HANEV

Now arrange the anagram letters to form the words, as suggested by the above cartoon.

Answer: (Anagrams tomorrow)

WEATHER

Friday: Jumble: MOLLY GROOM ATTACH LEADS  
Answer: What air pollution is—NO EARTHLY GOOD

MIDDLE EAST

EUROPE

ASIA

AFRICA

LATIN AMERICA

NORTH AMERICA

OCEANIA

MONDAY FORECAST — CHAMPAIGN, ILL. — Sunny, 60-70; CHICAGO, ILL. — Partly cloudy, 55-65; CLEVELAND, OH. — Partly cloudy, 55-65; DETROIT, MI. — Partly cloudy, 55-65; INDIANAPOLIS, IND. — Partly cloudy, 55-65; KANSAS CITY, MO. — Partly cloudy, 55-65; LOS ANGELES, CALIF. — Partly cloudy, 55-65; MIAMI, FLA. — Partly cloudy, 55-65; MINNEAPOLIS, MINN. — Partly cloudy, 55-65; NEW YORK, N.Y. — Partly cloudy, 55-65; PHOENIX, ARIZ. — Partly cloudy, 55-65; PORTLAND, ORE. — Partly cloudy, 55-65; SAN FRANCISCO, CALIF. — Partly cloudy, 55-65; SEATTLE, WASH. — Partly cloudy, 55-65; SPOKANE, IDAHO — Partly cloudy, 55-65; WASHINGTON, D.C. — Partly cloudy, 55-65; WICHITA, KAN. — Partly cloudy, 55-65.

PEANUTS

(I LIKE YOUR NEW PONYTAIL, SIR...)

THANKS, MARCIE

IN FACT, IT'S LOOKING BETTER BY THE MINUTE...

THANKS, MARCIE

WHO ARE STEVE WELLS YOU? IS THAT THE NAME

I JUST GOT MARRIED...

AND MOVED INTO THE NEIGHBORHOOD

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

BLONDIE

WHO ARE STEVE WELLS YOU? IS THAT THE NAME

I JUST GOT MARRIED...

AND MOVED INTO THE NEIGHBORHOOD

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

BETLE BAILEY

NOW, BEETLE, GIVE ME TEN SECONDS TO GET OUT OF RANGE

ONE THOUSAND FOUR FIFTYSEVEN NINETEEN...

I NEVER WAS GOOD AT COUNTING SECONDS

BLAM!

NO, BEETLE

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED

THAT'S ME, I GOT MARRIED



## SPORTS

## Brazil Overcomes Spain, 1-0; Bulgaria, Italy Tie Cup Opener

Compiled by Our Staff From Dispatches  
MEXICO CITY — Brazil defeated Spain, 1-0, and Bulgaria scored a late goal in its defending champion Italy during the weekend as the World Cup kicked off its month-long soccer fest.

On Sunday, Brazil and Spain fought through a scoreless first half that brought boos from a goal-hungry crowd in Guadalajara.

The only real chance in the first 30 minutes came to Brazil when Julio Cesar missed a 30-yard free kick that would have put goalkeeper Antonio Zubizarreta's right hand post.

The Spanish forward back in force to prevent Brazil's getting within range of the penalty area.

As the second half began, both teams had goals disallowed.

First, Brazil failed to clear a Spanish corner kick and when the ball fell to the unmarked Macedo just outside the area, he fired a 25-yard (22-meter) shot that caught the underside of the crossbar. The ball appeared to come down inside the lines, but the referee ruled otherwise, prompting Spanish protests.

Before Spain could settle down the ball was switched to the other end, and a corner from Junior was sent forcefully by Carlos. But the goal was disallowed because a Brazilian had touched the ball with his hand.

Eight minutes later, Brazil scored the only goal of the first match in first-round Group D. A stunning shot by Cassiano caused the bar and Socrates, following up, headed it home.

In the opening match of the World Cup, on Saturday, Italy continued in the dubious tradition of the three previous World Cup winners — Brazil, West Germany and Argentina all failed to win openers at defending titles.

The hosts, drawn as the most favored, seemed secure with a first-half goal by Alessandro Altobelli, but Nasko Srakov scored with a header in the 85th minute to tie the game.

Italian Coach Enzo Bearzot said that the first game "gives birth to a thousand doubts." He was left with reason for concern after facing the Bulgarians in his team bids to become the first squad since Brazil

won consecutive cups in 1958 and 1962.

Under a noonday sky darkened by clouds and dense Mexico City smog, Italy controlled the early going of Group A match but with no real authority until the 43d minute, when Altobelli volleyed home a shot.

Antonio Di Gennaro took the free kick on the right side of the penalty area and curled the ball over the Bulgarian defense. An unmarked Altobelli, who had scored the final goal in his team's triumphant 1982 championship, drove the ball with his right foot past diving goalkeeper Mihailov Borislav.

Italy, whose vaunted defense has made it one of soccer's world power, was in command in the second half. The team seized midfield control and began throwing more men forward.

With nine minutes to go, Giuseppe Vialli found Bulgarian striker Stelios Mladenov, who was carried off on a stretcher.

Having used both of its substitutions, the Bulgarian side was reduced to nine players. The Bulgarians bounced back to take advantage of a critical defensive breakdown by Italy.

Midfielder Radoslav Zdravkov crossed the ball from the right side into the heart of the penalty area. Srakov jumped between Fernando de Napoli and Gennaro Scirea to send the ball perfectly and send a powerful, downward header bouncing inside the left post before the reach of goalkeeper Giovanni Galli.

"We had lots of chances to score in the second half, but on balance I felt the second half was much better," Bearzot said. "To allow a goal in the second half causes some bitterness, but I felt good about the level of performance."

Bearzot's expression reflected the agony felt by the Italians, who suffered similar pangs when losing here at Azteca Stadium in the 1970 final against Brazil.

After the first game, thousands of Mexicans and tourists poured into the main streets and plazas in spontaneous activities.

Celebratory rodeo atop cars pounding on the roofs and waving Mexican and Bulgarian flags — the two teams most favored by Mexicans to win the championship.

Traffic was so heavy immediately after the game that the Bulgarians were stuck nearly half an hour while citizens spontaneously began to throw to direct cars in order to ease the jams.

Mexico became the host nation after Colombia, the original host, was forced to give up the venture in 1983 because of economic difficulties.

Mexico City, with its population of 2.5 million, and poverty forcing its citizens to flee over the border, made a commitment to a tournament that could provide perhaps some relief, but at least a proud and well-organized circus that would once again draw the world's attention to Mexico.

The slogan "Estados Preparados" — We're Prepared — is heard around the capital, even on the classical music radio station offering Barok and Bach. The government has called in the troops, fearing trouble from outside forces, or perhaps a demonstration by the poor and homeless who have been living in makeshift paper shacks since the massive earthquake tore at the capital early on Sept. 19.

Security was evident on a gray and cool Saturday morning as police lined the Paseo, the circular highway leading to Azteca Stadium. To get to the press box, journalists were searched six times without body searches and security of all electronic equipment. But the security was for a good cause, and the ordeal was softened by the frequent smiles and "Buenos Dias" of the multilingual hosts and hostesses in handsome pastel uniforms.

Almost three hours before kickoff, fans in the highest tier behind the goals began their cheer: "May-be-ot!"

The early Mexican fans began performing an American football tradition, the wave, waving their arms that did not get into the sight quickly enough.

The mood at Azteca was proudly and predominantly Mexican, as the better company of the University of Guadalajara performed regional dances. The crowd gave surprisingly impolite reception of whistles when President Miguel de la Madrid was introduced before the game. The stadium reflected Mexico's flag in color and symbol, and Italy's colorful tradition was represented by a Calcio Fiorentino, an Italian medieval pageant.

Computers wearing the team colors of all the participating nations entered the arena, the two competing teams were introduced, the anthems were played and the teams took the field, exchanging the traditional pre-game ceremony.

Then, after the Italian and Bulgarian teams posed for the opening photograph, the players took over the spotlight, with a great portion of the world pointing into this huge stadium.

Italy's Coach Enzo Bearzot said that the first game "gives birth to a thousand doubts." He was left with reason for concern after facing the Bulgarians in his team bids to become the first squad since Brazil

won consecutive cups in 1958 and 1962.

Under a noonday sky darkened by clouds and dense Mexico City smog, Italy controlled the early going of Group A match but with no real authority until the 43d minute, when Altobelli volleyed home a shot.

Antonio Di Gennaro took the free kick on the right side of the penalty area and curled the ball over the Bulgarian defense. An unmarked Altobelli, who had scored the final goal in his team's triumphant 1982 championship, drove the ball with his right foot past diving goalkeeper Mihailov Borislav.

Italy, whose vaunted defense has made it one of soccer's world power, was in command in the second half. The team seized midfield control and began throwing more men forward.

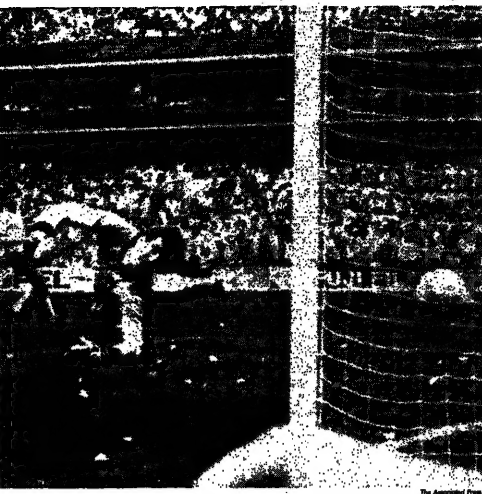
With nine minutes to go, Giuseppe Vialli found Bulgarian striker Stelios Mladenov, who was carried off on a stretcher.

Having used both of its substitutions, the Bulgarian side was reduced to nine players. The Bulgarians bounced back to take advantage of a critical defensive breakdown by Italy.

Mexico became the host nation after Colombia, the original host, was forced to give up the venture in 1983 because of economic difficulties.

Mexico City, with its population of 2.5 million, and poverty forcing its citizens to flee over the border, made a commitment to a tournament that could provide perhaps some relief, but at least a proud and well-organized circus that would once again draw the world's attention to Mexico.

The slogan "Estados Preparados" — We're Prepared — is heard around the capital, even on the classical music radio station offering Barok and Bach. The government has called in the troops, fearing trouble from outside forces, or perhaps a demonstration by the poor and homeless who have been living in makeshift paper shacks since the massive earthquake tore at the capital early on Sept. 19.



Nasko Srakov's late header eluded Italian goalie Giovanni Galli to give Bulgaria a 1-1 tie.

## Rahal Outduels Cogan To Win Fastest Indy 500

The Associated Press

INDIANAPOLIS — Bobby Rahal won the fastest Indianapolis 500 in history on Saturday when he passed Kevin Cogan with two laps to go in one of the closest finishes ever in the world's most famous auto race.

Cogan finished 14 seconds behind, followed closely by two-time winner Rick Mears, who was in the lead as late as lap 186 of the 200 laps on the 2.5-mile (4.02-kilometer) Indianapolis Motor Speedway oval. Mears was only 4 seconds behind Cogan.

The unmarked Rahal, a veteran road racer and, for four years one of the top drivers of Indy cars, averaged 170.722 mph, shattering the mark of 163.612 set by Mears in 1984.

With a crowd estimated at more than 250,000 screaming and a national television audience watching the drama live for the first time, Rahal came out the winner of a dramatic three-lap battle over the last 50 miles.

The sixth and final caution flag of the day, coming on lap 193 when Rick Mears' engine died, gave the field, exchanging the Netherlands flag and tagged the ball at the pit entrance, appeared to assure Cogan his first Indy victory, he was leading with Rahal and Mears just behind in single file.

But Cogan cleared the track and the green flag was out again with two laps remaining, and as Cogan got up to full power on the main straightaway it was Rahal's red March that streaked by on the inside just beyond the starting line.

Rahal, 33, led the rest of the way. The victory earned his team an estimated purse of \$600,000 from the expected payoff of more than \$3.5 million.

Roberto Guerrero of Colombia,

who finished second and third in his first two appearances here, was fourth on Saturday.

The rest of the top 10 were AJ Foyt, Michael Amick, Emerson Fittipaldi of Brazil, Johnny Rutherford, defending champion Danny Sullivan and rookie Randy Lunn.

"When the yellow goes off with two laps to go, you've got to go for it," said Rahal, whose best previous finish here in four starts was seventh in 1984. "I wasn't about to hold back this time."

A post-race measurement showed that Rahal finished with less than two gallons in his 40-gallon tank, about enough fuel for another lap.

Said Cogan: "I think I had the race handled. It is stayed green. I was ready for it. It's just a shame it went yellow like that. He got the jump on me on the restart, just beat me to the throttle. It's a huge disappointment."

Mears, who in winning the pole position had set one- and four-lap qualifying records of 217.581 mph and 216.628, respectively, said: "The car never allowed a beat. I just didn't have the thing very well balanced for traffic. We just didn't get a shot on them (Rahal and Cogan)."

Despite the fastest finish in auto-racing history running on the sun-baked track, there were only five minor accidents and no injuries.

The crowd, basking under a sunny sky, was at least 50,000 fewer than attended on May 25, when the race was originally scheduled. Rain washed away the race both that day and the next. When more bad weather was forecast for the next three days, officials made the unprecedented decision to postpone the event until Saturday.



Indy winner Rahal and five-month-old daughter Michelle.

## World Cup Opens Amid Celebrations, Tight Security

By George Vecsey

MEXICO CITY — Mexico literally rose from the rubble Saturday to present a stirring opening of the World Cup of soccer, the soccer world's most prestigious event.

From the destruction and terror of a massive earthquake last Sept. 19, this endangered but resilient country became the first nation to ever hold the World Cup.

The opening game, a 1-1 tie between defending champion Italy and Bulgaria, was played before a near-capacity crowd of almost 110,000 fans in the rectangular chafing dish of Azteca Stadium.

Italy's Coach Enzo Bearzot said that the first game "gives birth to a thousand doubts." He was left with reason for concern after facing the Bulgarians in his team bids to become the first squad since Brazil

won consecutive cups in 1958 and 1962.

Under a noonday sky darkened by clouds and dense Mexico City smog, Italy controlled the early going of Group A match but with no real authority until the 43d minute, when Altobelli volleyed home a shot.

Antonio Di Gennaro took the free kick on the right side of the penalty area and curled the ball over the Bulgarian defense. An unmarked Altobelli, who had scored the final goal in his team's triumphant 1982 championship, drove the ball with his right foot past diving goalkeeper Mihailov Borislav.

Italy, whose vaunted defense has made it one of soccer's world power, was in command in the second half. The team seized midfield control and began throwing more men forward.

With nine minutes to go, Giuseppe Vialli found Bulgarian striker Stelios Mladenov, who was carried off on a stretcher.

Having used both of its substitutions, the Bulgarian side was reduced to nine players. The Bulgarians bounced back to take advantage of a critical defensive breakdown by Italy.

Mexico became the host nation after Colombia, the original host, was forced to give up the venture in 1983 because of economic difficulties.

Mexico City, with its population of 2.5 million, and poverty forcing its citizens to flee over the border, made a commitment to a tournament that could provide perhaps some relief, but at least a proud and well-organized circus that would once again draw the world's attention to Mexico.

The slogan "Estados Preparados" — We're Prepared — is heard around the capital, even on the classical music radio station offering Barok and Bach. The government has called in the troops, fearing trouble from outside forces, or perhaps a demonstration by the poor and homeless who have been living in makeshift paper shacks since the massive earthquake tore at the capital early on Sept. 19.

Security was evident on a gray and cool Saturday morning as police lined the Paseo, the circular highway leading to Azteca Stadium. To get to the press box, journalists were searched six times without body searches and security of all electronic equipment. But the security was for a good cause, and the ordeal was softened by the frequent smiles and "Buenos Dias" of the multilingual hosts and hostesses in handsome pastel uniforms.

Almost three hours before kickoff, fans in the highest tier behind the goals began their cheer: "May-be-ot!"

The early Mexican fans began performing an American football tradition, the wave, waving their arms that did not get into the sight quickly enough.

The mood at Azteca was proudly and predominantly Mexican, as the better company of the University of Guadalajara performed regional dances. The crowd gave surprisingly impolite reception of whistles when President Miguel de la Madrid was introduced before the game. The stadium reflected Mexico's flag in color and symbol, and Italy's colorful tradition was represented by a Calcio Fiorentino, an Italian medieval pageant.

Computers wearing the team colors of all the participating nations entered the arena, the two competing teams were introduced, the anthems were played and the teams took the field, exchanging the traditional pre-game ceremony.

Then, after the Italian and Bulgarian teams posed for the opening photograph, the players took over the spotlight, with a great portion of the world pointing into this huge stadium.

## Cardinals Halt 5-Game Skid as Slumbering Offense Finally Comes to Life

Compiled by Our Staff From Dispatches

CINCINNATI — Pitcher Bob Forsch saw Saturday's 11-run explosion by the St. Louis Cardinals as an omen that the Cardinals' National League champions are finally rounding into form.

Forsch threw a four-hitter and Mike Heath and Andy Van Slyke came home and drove in four runs to help the wake-sleeping Cardinals snap a five-game losing streak with an 11-2 rout of the Cincinnati Reds.

St. Louis has pounded out 24 hits

and 15 runs in its last two games, an encouraging sign for a club that came into the game last in the league with a .225 team average.

"It's not just one game, it's about hitting the ball well," Forsch said. "It hasn't been just one guy. Maybe there's been a couple of guys that's what we've been waiting for. We haven't been playing well enough to win."

James L. Pugh Jr. in Philadelphia, Bill Johnson's seventh-inning home run broke a scoreless five hits and Charlie Hough scattered five hits

over seven innings to give the Philadelphia Phillies a 5-0 victory.

Glenn Davis, a two-out home run in the eighth was the game-winner for the Astros.

Red Sox 7, Twins 2 in Minnesota. Boston's two-run shot in the third highlighted a four-homer attack that powered Atlanta to its 12th victory in 17 games.

A's 4, Yankees 3 in the American League. Andre Thornton's two-run blast in the eighth snapped the Indians' six-game losing streak.

Reds 6, Rangers 1 in Kansas City. Missouri, Louie Smith had three hits and Frank White drove

in two runs to spark the Royals. Texas, without Pete Incaviglia, Larry Parrish, Gary Ward and Don Slaught because of injuries, made a comeback to beat the Rangers 7-6.

Angels 5, Orioles 3 in Anaheim. California, Rick Cuddeback pitched a two-hitter and Gary Feltz drove in two runs, enabling California to tie a three-game losing streak.

Madison 7, Tigers 4 in Seattle. Danny Tartabull's two-run triple kept the Mariners' decisive four-run seventh.

## SCOREBOARD

## Tennis

## World Cup Soccer

## French Open

## World Cup on TV

## Friday's and Saturday's Major League Line Scores

## Baseball

## Auto Racing

## The 1986 Indianapolis 500

## Transition

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Tennis

## World Cup Soccer

## French Open

## World Cup on TV

## Friday's and Saturday's Major League Line Scores

## Baseball

## Auto Racing

## The 1986 Indianapolis 500

## Transition

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Tennis

## World Cup Soccer

## French Open

## World Cup on TV

## Friday's and Saturday's Major League Line Scores

## Baseball

## Auto Racing

## The 1986 Indianapolis 500

## Transition

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Tennis

## World Cup Soccer

## French Open

## World Cup on TV

## Friday's and Saturday's Major League Line Scores

## Baseball

## Auto Racing

## The 1986 Indianapolis 500

## Transition

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Tennis

## World Cup Soccer

## French Open

## World Cup on TV

## Friday's and Saturday's Major League Line Scores

## Baseball

## Auto Racing

## The 1986 Indianapolis 500

## Transition

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Baseball

## Tennis

## World Cup Soccer

## French Open

## World Cup on TV

## Friday's and Saturday's Major League Line Scores

## Baseball

## Auto Racing

## The 1986 Indianapolis 500

## Transition

## Baseball

